

**SURVEY OF  
INTERNATIONAL AFFAIRS  
1933**

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# SURVEY OF INTERNATIONAL AFFAIRS 1933

BY  
ARNOLD J. TOYNBEE

*Director of Studies in the Royal Institute  
of International Affairs  
Research Professor of International History  
in the University of London  
(both on the Sir Daniel Stevenson Foundation)*

ASSISTED BY  
V. M. BOULTER

Hic locus est partis ubi se via findit in ambas  
VERGIL: *Aeneid* vi. 540

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## PREFATORY NOTE

By comparison with the relatively uneventful year 1932, the year 1933 was reminiscent of 1931; and, while it did not produce quite so shattering an effect on human nerves and imaginations as the *annus terribilis*, this was no doubt partly through the effect of familiarity, and not altogether because the latest outbreak of social catastrophes was actually less violent or less destructive than its immediate predecessor. The fact was—as any open-eyed observer could perceive—that Western Man in the fourth decade of the twentieth century was reaccustoming himself, with remarkable rapidity, to that state of insecurity from which his father and grandfather had partially escaped, but which had been, after all, the common lot of human life in almost all ages of which a record survived. In any case, the American bank crisis of 1933 certainly did not produce as great a sensation as the crisis of the Pound Sterling in 1931; and even the reactions to the explosion of fanatical nationalism in Germany, in the National-Socialist Revolution of 1933, were perhaps mitigated to some extent by the previous experience of the Japanese explosion of 1931.

In the field of international affairs in 1933, the American economic and financial crisis and the German political revolution were the two outstanding events of the year; and it is noteworthy that, in form, each of them was the internal affair of a parochial community and not technically an international affair at all. In reality, of course, both these 'domestic' transactions were big with the fate of the world-wide society of the day, and therefore, incidentally, with the fates of every one of the sixty or seventy states into which this society was partitioned at the moment. A widespread realization of this truth was reflected in the keen interest and deep feeling which both the American and the German affair evoked beyond the borders of the United States and of 'the Third Reich'.

If the term international were to be used in its strictest sense, we should have to say that the outstanding international event of the year was the late but clear pronouncement of a verdict, from the mouth of the Assembly of the League of Nations, in the Far Eastern dispute between China and Japan; and manifestly this solemn act, on the part of the leading international institution of the day, was an event of historic international importance. Yet an observer might well judge that this was not the critical act in the Far Eastern drama; for, some time before the judgement was pronounced, it had already become certain that Japan could, and would, defy it—if it were not to

her liking—with momentary impunity, while on the other hand the ultimate consequences of this successful defiance of the League by a Great Power were still hidden in the future.

Besides dealing with Far Eastern, German, and American affairs, the present volume contains, among other things, an account of the World Economic Conference of 1933 (which was perhaps both the best attended and the least effective international gathering that had ever been held up to date); a narrative of that melancholy chapter in the history of the World Disarmament Conference which ended in Germany's withdrawing from the Conference itself and simultaneously serving notice of intention to secede from the League; and a survey of Latin-American affairs which brings up to date the international history of one great region of the World which was last dealt with, in this series, in the *Survey for 1930*.

In Latin America at this time, the most prominent, and alarming, feature in the landscape was the persistence of the Paraguayo-Bolivian War in the Gran Chaco. If this war seemed portentous to the on-lookers, that was not because it was particularly atrocious or particularly contagious. Atrocious though it was upon any objective moral standard, the atrocity was mild by comparison with the worst that Modern War had recently learnt to do; and the region in which it was being fought was singularly remote and isolated. The portent lay in the inability of the organized and concerted efforts of the rest of Mankind to bring this war between two small, weak, and ill-equipped countries to a stop. A fire devouring mere heather and bracken on a barren heath, which burns merrily away in spite of the exertions of the neighbouring villagers to beat it out, may strike terror and dismay into their hearts if their consciences remind them that their homes are stocked with explosives—accumulated for murderous gun-powder plot of neighbour against neighbour—which may all be fired, at any moment, by one single wind-blown spark.

In the writing of the several parts of this volume, the current chapter of the history of the World Economic Crisis comes, once again, from the hand of Mr. H. V. Hodson. In the Far Eastern Part, the chapters dealing with Internal Developments in China and Japan, with the Course of the Sino-Japanese Hostilities, and with Russo-Japanese Relations and the C.E.R. Crisis, have been written by Mr. G. E. Hubbard—an expert, recently returned from the Far East, to whom the writers of this *Survey* were already indebted, for a number of years past, for his valuable observations and criticisms of their own drafts, before they had the advantage of securing the present contributions from Mr. Hubbard's own hand. The chapter on the

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Philippine Islands and the United States, which brings up to date the history of a subject which was last treated of in the *Survey for 1926*, has been kindly contributed by Miss A. D. Holt. The rest of the volume has been written by members of the staff of the Royal Institute of International Affairs; and, this time, the two members whose names appear on the title-page have been reinforced by their colleague, Miss K. Duff, who has written the chapter on the relations of the United States with Cuba. In this chapter, in which Cuban affairs have been taken up in this *Survey* for the first time, the necessity of sketching the historical background has required a retrospect looking as far back as the year 1898.

ARNOLD J. TOYNBEE.

September 1934.



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# PART I

## WORLD ECONOMIC AFFAIRS

### (i) Introductory

THE two outstanding international events of the year 1933 were the virtual failures of the World Economic Conference and the World Disarmament Conference.

Of the two world-assemblies, the Economic Conference failed the more publicly; for it found itself compelled to adjourn *sine die* on the 27th July, 1933, after having opened on the 12th June; and it was thus in session no longer than six weeks. On the other hand, the Disarmament Conference was already in session at the beginning of the calendar year and had not officially ceased to exist at the end of it. However, these public and formal tests of relative success or failure were not altogether enlightening. In actual fact, the fiasco of the Economic Conference in London in the summer of 1933 coincided in date with the detection of a faint glimmer of light in the realm of practical economic life; and this gleam was hailed by sharp-sighted observers as the herald of a dawning economic recovery.<sup>1</sup> Conversely, the formal achievement of keeping the Disarmament Conference nominally alive over the turn of the calendar years 1933 and 1934 hardly took the edge off the blow that had been dealt to the cause of Disarmament and Security and to the international organization of peace by the German Government's acts of withdrawing from the Disarmament Conference on the 14th October and giving notice, on the 21st October, of Germany's intention to secede from the League of Nations.<sup>2</sup>

The histories of the two conferences were symbolic of the state of the Western Society at the time. The ability to convene in one place delegations from almost every one of the sixty or seventy fully self-governing states of the post-war World<sup>3</sup> was a demonstration of the technical achievements of Western Man in the immediate past; the decision of so large a majority of the Governments to send representatives showed that the modern Westernization of the World had not only created world-wide links of common interest *de facto*, but had

<sup>1</sup> See p. 46 below.

<sup>2</sup> See Part II, sections (i) and (iii) (d), below.

<sup>3</sup> Sixty-five states received invitations to take part in the World Disarmament Conference, and Ecuador, Nicaragua, Paraguay, and Salvador were the only states invited which did not send representatives. Sixty-four states (including the Free City of Danzig) were represented at the World Economic Conference.

also evoked a widespread consciousness of this new fact of international interdependence. At the same time, the ineffectiveness of the two world-assemblies that had been convened, with such anxious expectancy, to grapple with such urgent world-problems, showed equally clearly that these sixty or seventy parochial Governments were too deeply imbued with the traditions and habits and sentiments of an utterly different past to lend themselves readily as instruments for the use of Mankind in dealing with the great human tasks of the present and the future.

On the economic plane, for example, the glimmer of light which flickered over the latter part of the year, as a dubious herald of dawn, was certainly not the product of any creative activity on the part either of the national Governments themselves or of those nationally organized business interests which largely determined parochial policies by applying local pressures. Indeed, the Western, or Westernized, World of 1933 presented, in general, the spectacle, which was familiar in China and Brazil, of unseen and imponderable constructive forces battling doggedly against the apparently incorrigible perversity of people in political and economic authority. An English traveller in post-war Brazil reported, from Brazilian lips, the following national proverb: 'For twelve hours in the day, we Brazilians do our worst for the country; and then for twelve hours we sleep, and God and the country put things right again.' As for China, the pith of her internal history since the outbreak of the Revolution in 1911 had been the struggle of the traditional Chinese virtues of laboriousness in work and loyalty in family relations against the new-fangled egoism and irresponsibility of the latter-day Chinese politicians and war-lords. These flagrant features of contemporary life in Latin America and in the Far East were plainly reflected, for those who had eyes to see, in the countenance of the Great Society of the day which had been conjured into existence by the recent Westernization of the World. While the truth was that the lightening of the economic darkness in the course of the year 1933 was not due to the parochial Governments' merit, it would not have been true to say that the deepening of the political darkness, as the Disarmament Conference approached its death-agonies, was not the Governments' fault. For these Governments were the priests, as well as the creatures, of the modern Western cult of parochial sovereignty; and, in blindly working for the conservation of their own priestly office, they were driving Mankind—with Mankind's own connivance—to cast itself into the burning fiery furnace of 'totalitarian warfare' as a supreme sacrifice to the idol of 'the totalitarian parochial state'. In the words of a

Turkish statesman who was one of the foremost Islamic converts, in this age, to the neo-paganism of the West, 'this century is very pitiless; and, as the years pass, the brutality of the times is not being softened, but is becoming uncontrollable, as though it were going to pass over every boundary'.<sup>1</sup>

In fact, this world-embracing Westernized Society of the twentieth century displayed the same paradoxical combination of irrelevant ability and fatal incompetence which had aroused the astonishment and contempt of the nineteenth-century pioneers of Western expansion when they had encountered the same paradox in the life of the surviving non-Western civilizations of that day. Of what use, these Western pioneers had asked themselves, were the exquisite and inimitable aesthetic and intellectual achievements of the East, if these gifts of the gods had not availed to save the societies on which they had been bestowed from ruining and disgracing themselves through the grossest sins of superstition and cruelty and injustice and corruption? In this setting, the pearls of Oriental art and poetry and philosophy were quite bereft of their intrinsic beauty, and served merely to heighten the hideousness of the moral charnel-house in which they were cast away. In so feeling, those nineteenth-century Westerners had not been at fault, and the record of their moral judgment on the ancient East still stood for the instruction of their epigoni in the post-war Great Society.

In this Westernized World of the twentieth century the heritage of achievement in the past, which threw into relief the tragedy of the living age, was the extraordinary and unprecedented talent of modern Western Man for the material mastery and exploitation of Physical Nature. This dominion over Matter, which had given Western Man in the nineteenth century a derivative dominion over the rest of Mankind, was now serving, in the twentieth century, to expose his enormous and unmitigated moral crudity, and consequent social incompetence, in the conduct of human relations. In this sphere, the level of twentieth-century Western and Westernized Man was not so much Oriental as Primitive. Spiritually, Man in this generation was everywhere in chains; and these chains were not imposed on him by some irresistible alien power, like those which he had worn in the past during those hundreds of thousands of years which he had had to spend as the helot of Physical Nature. In the act of snapping and throwing off those ancient material bonds, he had deliberately fastened these new spiritual fetters upon himself, as his Victorian and Elizabethan ancestresses had once wantonly distorted their bodies

<sup>1</sup> Address by İsmet Paşa, published in *Kadro*, issue of October 1933.

in a barbaric obedience to preposterous fashions in dress. Fast bound in the misery and iron of these spiritual instruments of self-torture, Western Man in A.D. 1933 was preparing to throw himself, Hindu-fashion, under the wheels of Juggernaut's car, and to make his children pass, Punic-fashion, through the fire of Moloch.

For the detached observer—if such there still could be, in such a situation—this tragic spectacle had one clear lesson, even at this moment of doubt and confusion before the dénouement of the plot of the play. In A.D. 1933 the state of the World already afforded a crushing refutation of the creed of Humanism which had inspired the march of Western Civilization for more than four hundred years and which had received its definitive formulation, in nineteenth-century England, in the apotheosis of 'Enlightened Self-Interest'.

The enthronement of this nakedly pagan Goddess is announced—to take one out of many examples at random—in the following sentence of a pamphlet which was published by the Society for the Promotion of Christian Knowledge, and which went into its twelfth edition in A.D. 1850:

It is curious to observe how, through the wise and beneficent arrangement of Providence, men thus do their greatest service to the public, when they are thinking of nothing but their own gain.<sup>1</sup>

While formally ascribing to Divine Providence the ultimate credit for this newly discovered beneficence of the Old Adam, the votaries of Enlightened Self-Interest were unavowedly replacing Christianity by a worship of unregenerate Human Nature. And the lie direct, which, in the name of Deism, is given in this passage to the teachings of the New Testament and to the doctrines of the Christian Church, seemed unanswerable in the particular time and place in which the pamphlet was written and disseminated. In mid-nineteenth-century England, the uncompromising denunciations of economic acquisitiveness in the New Testament were reverentially but unhesitatingly explained away as Oriental hyperboles, and the ecclesiastical ban upon usury was openly laughed to scorn as a superstition, because the superiority of the children of this world over the children of light, in practical wisdom, seemed conclusively demonstrated in the eyes of those in authority in that generation. On the other hand, in the year 1933, which saw the failure of the World Economic Conference and the World Disarmament Conference, the nineteenth-century proposition seemed as ludicrous a paradox as the Christian view of

<sup>1</sup> *Easy Lessons on Money Matters for the Use of Young People*, 12th edition (London, 1850, S.P.C.K.), quoted by J. M. Keynes: *Essays in Persuasion* (London, 1931, Macmillan), p. 85.

life, and of human relations, had seemed in the Western World of A.D. 1850. In Victorian England, as in Periclean Athens and in Medicen Florence, Humanism had seemed sufficient unto itself, because Man was then experiencing the momentary sensation of being triumphantly master of his own fate through the power of his own *ἀρετή* or *virtù* or science, without needing the intervention of God either to chasten or to inspire him. By the year 1933 it was once more manifest that, 'when they' were 'thinking of nothing but their own gain', men were not only quite incapable of serving the public, but were even impotent to manage their own personal affairs to their own personal advantage. So far from being the great constructive driving-force in social life, the myopic pursuit of selfish personal interest was shown to be doomed, *a priori*, to miss its mark. Self-interest had proved, once more, to be a target of human aims on which direct hits could never be registered. This object of human desires could only be attained incidentally by people who stumbled across it on their road towards a transcendental goal of endeavour; and it followed that, if and when self-interest, private or social, was ever successfully realized in this fortuitous way, it would turn out to be something with no recognizable likeness to the earthly paradise of *Homo Economicus*.

Thus, as so often before, the so-called paradoxes of Christianity were proved to be truisms, while the children of this world were numbered once again among 'the silly people who do not even know their own silly business'. They were, in fact, most ludicrously convicted, in this chapter of history, of having sacrificed their own substantial interests to an academic dream. For the histories of the World Disarmament Conference and the World Economic Conference completed the proof that 'Enlightened Self-Interest', so far from being an automatic, self-regulating, psychological mechanism for making all things work together for Man's good, was nothing more than an intellectual abstraction which had no counterpart at all in the realm of practical life.

At these two twentieth-century world-conferences the nineteenth-century Goddess of self-interested enlightenment was represented by true and faithful hierophants in the persons of the experts. These honest and laborious and supremely able intellectual workers duly furnished the assembled statesmen, and their political constituents, with accurate and comprehensive digests of the existing state of affairs, with precise gauges of the forces involved, and with estimates which showed how, in all human probability, these tremendous forces would interact, in the next chapter of history, if the statesmen

were to pull, or refrain from pulling, this lever or that or the other. In these expert 'preparatory studies' and 'annotated agenda' Enlightened Self-Interest was incarnate in printer's ink and paper. Yet the most that the Goddess could accomplish in this avatar was to confirm the Aristotelian aphorism that 'the Intellect in itself moves nothing'.<sup>1</sup> The statesmen's task was to transform the abstract Intellect into wisdom in action; and at these two world-conferences they utterly failed to perform this feat of spiritual alchemy. Try as they would, they found themselves unable to carry the vital element of enlightenment over from theory into practice in the pagan atmosphere which they and their constituents breathed. In the passage from paper to life, the enlightenment invariably faded out; in going into action, self-interest went blind; and the slag-heap of unenlightened behaviour which these operations inexorably piled up was as obstructive, and potentially disastrous, as those mountains of mineral which had been accumulated in 1924 in the German industrial area of the Ruhr during the French military occupation.<sup>2</sup>

In this tragic situation there was one peculiarly ironic, and at the same time partially encouraging, feature. In A.D. 1933 it could already be seen in retrospect that the confutation of the modern Western version of the cult of Humanism had been self-inflicted, and that this self-confutation was a consequence of the very success, up to a point, of the enterprises that had been undertaken in the idol's name. The demoniac Western effort to wrest into Man's hands the mastery of his material environment had had the effect of putting an unprecedentedly powerful material 'drive' into the human relations of men with one another, without introducing any simultaneous change into these relations in respect of their intrinsic moral content and character. Morally, these human relations, as the Machine Age overtook them and physically keyed them up, were an amalgam— inherited from the past—of good and evil; but traditional social evils which had not been quite intolerable or quite fatal to Mankind under the old low-powered material dispensation, became now destructive when their material effect was suddenly and vastly enhanced; and Mankind was thus abruptly called upon to pluck these ancient evils out of its body social and cast them away, or else expose itself to be mortally stricken by them. The enhancement of the material effects brought out the intrinsic but hitherto latent moral wickedness of certain traditional practices; and thus the pagan philosophy of Enlightened Self-Interest, in its practical application, unintentionally

<sup>1</sup> Διάνοια δ' αὐτὴ οὐδὲν κινεῖ, ἀλλ' ἡ ἐνεκά του καὶ πρακτικῆς· αὐτὴ γὰρ καὶ τῆς ποιητικῆς ἀρχαί.  
(Aristotle: *Ethics* 1139 A-B.)

<sup>2</sup> See the *Survey for 1924*, pp. 282 seqq.

proved the truth of the Christian proposition that 'the wages of Sin is Death'. By the end of the year 1933 the Great Society which the modern Western cult of Humanism had 'assembled' was inescapably confronted with a choice between persisting in its spiritual errors, at the price of committing suicide, and saving its soul alive on condition of making a far-reaching and widely-extended spiritual advance in the spirit of the very religion which the votaries of Enlightened Self-Interest had tacitly repudiated.

This was the issue which was brought to a head by the portentous failures of the World Economic Conference and the World Disarmament Conference. It was a living issue in every one of the countries that were there represented. At the same time there were two countries which, in 1933, were crucial points in the world-wide battle-field on which this issue was being fought out. These two countries were the United States and Germany; and the intensity of the internal struggle in either country was reflected, at the time, in the rôles which Germany and the United States played in the international arena at the Disarmament Conference and the Economic Conference respectively. In both cases the rôle was destructive; for the most prominent single cause of the breakdown of the Disarmament Conference was Germany's self-centred determination to recover, at all costs, her lost equality of political status with the other Great Powers of the World, while the most prominent single cause of the breakdown of the Economic Conference was the similarly self-centred determination of the United States to restore, at all costs, her lost internal economic equilibrium.

On the 16th May, 1933, the President of the United States issued a public warning to the Chancellor of the German Reich against taking upon his head the responsibility for causing the breakdown of the Disarmament Conference; and this warning was justified both by the conduct of the German National-Socialist Government up to that date and by the action which, in spite of the American warning, Herr Hitler did eventually take before the calendar year ran out. It is all the more strange to observe that President Roosevelt couched his admonition to Herr Hitler in terms which explicitly condemned, in advance, the action which he himself took in sending to London his message of the 3rd July, 1933, which dealt a mortal blow to the Economic Conference.<sup>1</sup> The relevant paragraphs of Mr. Roosevelt's previous message to Herr Hitler ran as follows:

The nations have called two great world-conferences. The happiness and prosperity, the very lives, of the men, women, and children who

<sup>1</sup> See p. 63 below.

inhabit the whole World are bound up in the decisions their Governments will make in the near future. The improvement of social conditions, the preservation of individual human rights, and the furtherance of social justice are dependent on these decisions.

The World Economic Conference will meet soon and must come to its conclusions quickly. The world cannot await deliberations long drawn out. The Conference must establish order in place of the present chaos by the stabilization of currencies, the freeing of the flow of world trade, and international action to raise price levels. It must supplement individual domestic programmes for economic recovery by wise, considered international action.

The Disarmament Conference has laboured for more than a year, and as yet has been unable to reach satisfactory conclusions. Confused purposes still clash dangerously. Our duty lies in the direction of bringing practical results through concerted action based upon the greatest good of the greatest number. Before the imperative call to this great duty, petty obstacles must be swept away, petty aims forgotten. A selfish victory is also destined to ultimate defeat. The furtherance of a durable peace for our generation in every part of the world is the only goal worthy of our best efforts. . . .<sup>1</sup>

Common sense points out that if any strong nation refuses to join with genuine sincerity in these concerted efforts for political and economic peace, one in Geneva and the other in London, progress can be obstructed and ultimately blocked.

In such an event the Civilized World, seeking both forms of peace, will know where the responsibility for failure lies.

I urge no nation to assume such responsibility, and that all nations joined in these great conferences should translate their professed policies into action. This is the only way of political and economic peace. I trust your Government will join in the fulfilment of these hopes.

In these passages the President had denounced, apropos of both conferences alike, the very sin of narrow and subversive national egotism which besets the later document from his own hand. In the message of the 3rd July, 1933, the immediate internal policy of the Government of the United States is tacitly assumed to be the only factor which either the President or the Conference has to take into account.

The sound internal economic system of a nation is a greater factor in its [*sic*] well-being than the price of its currency in changing terms of other nations—

as though the convening of the conference had not, in itself, been a world-wide act of recognition of the truth that the welfare of any one nation could not be secured in isolation from the welfare of all the rest! This spirit of national solipsism pervades the whole message

<sup>1</sup> For the passage of President Roosevelt's message which dealt with disarmament, see Part II of the present volume, pp. 268-9 below.



of the 3rd July, 1933; and the effect of this pronouncement upon the fortunes of Mankind, including the responsible statesman's own country, was as untoward as the effect of Herr Hitler's broadcast speech of the 14th October of the same year.<sup>1</sup>

No doubt the history of the 'war-guilt' question should deter the historian from seeing a unique and exclusive sin in something which was not, and could not be, more than a major responsibility. However large the respective shares of Germany and the United States in the breakdowns of the two world-conferences might be, it would not be difficult to show that many or most of the other countries of the World were also partially responsible in different degrees—either directly, through their own immediate action or failure to act, or indirectly, through the influence of their own policy in the past upon German and American policy in 1933. The national responsibilities of Germany and the United States must not be over-estimated. On the other hand, they were certainly great enough to give these two countries the same unenviable prominence in the international history of the year 1933 that Japan had brought upon herself in the history of 1932.

Germany's rôle in 1933 is examined in the introductory chapter of that part of this volume that deals with the question of Disarmament.<sup>2</sup> Some notice of the rôle of the United States is an equally indispensable feature in an account of this phase of the World Economic Depression and of the attempts to surmount it. And in this case, as in that, the part played by the country in question on the international stage cannot be made intelligible without taking some account of its contemporary internal history.

The internal history of the United States during the year 1933 was a matter of world-wide importance and interest, not only because of the violence and the range of the repercussions produced abroad by the American people's domestic experiences and actions, but also because the recent world-wide transition from brilliant successes in mastering Physical Nature to humiliating failures in fumbling with human problems had occurred in North America more abruptly, and therefore with a more disturbing psychological effect, than in any other region.

In the United States the outward manifestation of this transition may be dated from the break on Wall Street in the autumn of 1929. Till then the American people's nineteenth-century faith in the omnipotence of human technique had remained virtually unshaken;

<sup>1</sup> For an estimate of President Franklin Roosevelt's gifts and limitations as a statesman, see p. 79 below.

<sup>2</sup> Part II, section (i).

for the General War of 1914-18, which had re-demonstrated Man's impotence, unenlightened, to order his own affairs, had not had in North America that shattering psychological effect which it had produced in Europe. In American minds the frustration and suffering and destruction which were the essence of the War were inevitably overshadowed by the demonstration which the War had given of America's economic strength and by the wealth which the War had placed in American pockets. In the American version of modern Western history the war and post-war years, so far from representing a disastrous break with the prosperous pre-war century, were the years of this prosperity's culmination and apogee. In the twentieth-century life of the United States the year 1914 was not more epoch-making than the years 1861 or 1870 (so fateful for America and France and Germany) had been in the nineteenth-century life of the British Empire. And the feelings and ideas that were associated in European minds with the month of August 1914 were rather associated in American minds with the month of October 1929.

Hence, for two reasons, the shock of the World Economic Depression was felt more severely in the United States than anywhere else. One reason was that in American minds this economic catastrophe was not overshadowed and dwarfed, as it was in European minds, by the preceding political catastrophe of the World War. The second reason was that, in North America, the nineteenth-century material prosperity, which the War had shattered in Europe, had risen to unprecedented heights between 1914 and 1929. The disturbing effect of the deposition of Man from his nineteenth-century pedestal, with his foot on Nature's neck, was all the greater in the United States, when at last the blow fell, because, by the year 1929, the transference of attention and effort from material problems to human problems was really long overdue, even in North America.

In the New World the nineteenth-century triumph of Man over Physical Nature had been signalized and symbolized, in the grand manner, by the human conquest of an entire virgin continent; and the nineteenth-century American pioneers, with this continent to roam in, and with an ocean to insulate them from the rest of the World, had been exempt from the pressure of all human problems except that of Negro Slavery. Certainly this one exception was immense, and the price paid for an imperfect solution of the problem was heavy. Yet, in the victorious North and in the newly won West, the psychological effects of the Civil War had been rapidly effaced when the national energies had once again been concentrated upon the enterprise of mastering the American physical environment.

This process, however, which had begun in the early decades of the seventeenth century with the landing of the first settlers on the Atlantic coast, was completed in the last decade of the nineteenth century by 'the closing of the frontier'. From that moment, the United States was a country of essentially the same geographical and social structure as the European countries from which her people had originally come. And though she was laid out on a vastly greater scale than the largest countries of Europe, and could give her people an amount of elbow-room which would be the envy of the Europeans for generations to come, nevertheless 'the closing of the frontier' was an epoch-making event in American history.

It meant that from that time onwards the relative importance of the American people's relations with Physical Nature on the American Continent would tend to diminish in comparison with the growing importance of their relations with their fellow human beings: in the first place with one another, and in the second place with the rest of Mankind. This new tendency in American history, which set in during 'the eighteen-nineties', took some forty years to impress itself upon the American consciousness. But the internal situation in the United States in 1933 under President Franklin Roosevelt's régime was already foreshadowed at the time when his kinsman and predecessor in office, Theodore Roosevelt, as a young man, was seeing for himself the last of the cow-boy life in the Far North-West. In 1933 it was at last openly recognized that in American life the thing of paramount importance was not hogs or cereals or minerals or bonds but the relation between one human being and another. For the moment, the Americans were absorbed in the effort to master their own parochial human relations. Yet, in spite of the nationalistic Presidential message of the 3rd July, 1933, to the World Economic Conference in London, there were indications that, sooner or later, this newly awakened interest of the American people in human affairs would overleap its first parochial limits and would come to occupy a world-wide field. It was not for nothing that the United States had been drawn into belligerency in the War of 1914-18 and had found herself intimately concerned, in the post-war years, in those international problems which had their focus in the Western Pacific and in Eastern Asia.

In subsequent chapters of this Part, some account is given of the internal history and international relations of the United States, during the year 1933, on the economic and political planes. The present chapter may fitly close with a sketch of the inward state of mind from which these outward events and actions flowed.

In the eyes of an English traveller in the United States in the later months of that year, the most profound mental change that was discernible in the American people was a change of heroes. The self-made millionaire, who had been the idol of the American public for more than half a century, had fallen from his pedestal, and President Roosevelt seemed to have stepped into a place which no statesman had occupied in American hearts since the giants of the Civil War generation had passed away. This place—since then held in commission by some hundreds of thousands of 'big business men', among whom every ambitious American boy would aspire to be enrolled—was a very large place indeed to fill. And there was a proportionately great change of attitude in the revulsion from a crude worship of material success to an admiration of personal character as displayed in a field which had nothing to do with money-making.

The motives for this change of attitude—so far as these were visible to foreign eyes—were partly idealistic and partly self-regarding or even vindictive. President Roosevelt was sincerely admired, by great numbers of his countrymen, for his courage and his religious faith: two elements—or aspects of one single element—in his character which had given him the moral victory over a terrible physical malady before he had been elected to the presidential office. Americans who knew their President's personal history not unreasonably regarded it as an earnest of his ability to perform the less difficult external feat of conquering the Economic Depression. In part, however, President Roosevelt's popularity was manifestly derived from his rôle of *malleus maleficorum*—the avenger of the American public upon the Wall Street financiers who had invested the public's money for it during the boom with such disastrous consequences after the break—and here the motive in his admirers' minds was a mixture of more or less disinterested indignation, at the scandal of rich men's breaches of trust, with personal resentment at personal losses. The public hostility towards Wall Street in the year 1933 was so intense that Wall Street's expression of disapproval was sufficient in itself to secure widespread public support for any presidential policy. And this execration of Wall Street was indiscriminate. The man on the farm and in the street, and even the rather more sophisticated man in the Pullman, cared little to draw a distinction between the honest and the dishonest Wall Street magnate; between financial houses which had elicited investment by false prospectuses, and houses upon which the public had importunately thrust its money, during the boom, in the fond hope of combining sober security with speculative profits. Nor did they distinguish the millionaire who had made

a fraudulent income-tax return from the millionaire who had simply profited by the United States Treasury's official method of calculating incomes for taxation purposes: a method which allowed him to show a loss of income, in a period of slump, by reckoning in his losses on capital transactions. It might be broadly true that Wall Street, on the whole, deserved the odium which it incurred, yet still the attitude and temper of the public towards Wall Street was not altogether to the public's credit.

No doubt the human objects of this public execration privately consoled themselves by recalling the previous popular denunciations of Wall Street that had been regular features of earlier slumps in the history of the United States; and they may have gone so far as to forecast that, if and when the mysterious economic cycle eventually converted the present slump into another boom, the selfsame public would stream back to Wall Street in order to risk their money once more and snatch their profits. Psychologically, there was nothing new about the present bout of public hostility except, perhaps, its virulence. There was, however, something new in the expectations with which the more sober-minded and intelligent part of the public was at this time looking forward to the future.

There was, in fact, a widespread feeling in the United States in 1933 that 'prosperity', in the sense in which the term had been used in America during the century that had ended in 1929, would not come back within the lifetime of any one then living. By prosperity the Americans had come to mean the openings for individual economic enterprise which are the privilege of members of an expanding community: a state of economic buoyancy in which slumps may come and booms may go, but in which no financial or economic disaster is irretrievable. Down to 1929 the economic expansion of the United States—an expansion which had continued for a whole generation after the technical 'closing of the frontier'<sup>1</sup>—had provided *Homo Economicus Americanus*, as an individual, with a physically growing community in which he could be practically certain of remaking his private fortune after he had lost it. But in 1933 there was a general feeling that the break on Wall Street in the autumn of 1929 had differed from its many predecessors in marking the end of an epoch—in the sense that, this time, the old lavishness of individual economic opportunity had gone for good. Those who had lost their fortunes in this slump were not displaying the traditional confidence in their ability to make them again. Rather they were inclined to draw a contrast between their own prospects and those of their

<sup>1</sup> See p. 11 above.

parents and grandparents. This change was of course only relative; and that casual attitude towards money, as something which was as easily come by again as it was easily lost—an attitude which was peculiarly un-European in European eyes—had certainly not altogether disappeared from American minds in 1933. Nevertheless, the American attitude towards money, and also towards life, was perceptibly more European in 1933 than it had been before 1929; and this was a change which was perhaps likely to outlast the particular slump that had brought it to a head.

The essence of this general change of attitude was a heightening of the individual's interest in the state of life to which it had pleased God to call him, as his expectation of improving upon the gifts of Providence by his own enterprise now lost its ancient vividness and assurance. The nineteenth-century American pioneer had displayed something of that indifference towards his momentary worldly state which had been characteristic of the medieval Christian ascetic—and this for the reason that he, too, viewed his immediate material surroundings with the eye of a pilgrim and a sojourner, though his goal was a prosaic eldorado just round the corner, and not an eternal city beyond the world and the flesh. In this materialistic travesty of the Christian hope the nineteenth-century American had regarded it as a waste of time and energy and opportunity to bother about improving the state of the class or profession in which he momentarily found himself *de facto*, because, *de jure Americano*, he was a potential self-made man whose humble condition of to-day would infallibly be exchanged for a more glorious prosperity to-morrow. In 1933 the pioneer's descendant was beginning to expect to make a longer stay than his forefathers had ever made in his actual place in life; and accordingly he was beginning, European-fashion, to take some interest in making his present bed as comfortable and clean as possible, instead of dreaming of softer beds in grander hotels at future halting-places on an open road to fortune. The taxpayer was beginning to take an interest in cleaning up municipal finances, the workman in securing improvements in labour conditions, and the young university graduate in finding Government employment; and these were all tendencies away from the traditional American, and towards the traditional European, outlook and attitude. In the nineteenth century the American business man was making so much more money, by devoting his whole attention to his private affairs, than he could possibly lose by letting the taxes run away through the fingers of corrupt politicians, that he suffered these jackals to take their 'rake-off' with the cynical arrogance of a medieval robber-knight when he

tossed a stolen bezant to an importunate beggar. The nineteenth-century American industrial worker was similarly cold to trades-unionism because he was conscious of carrying a future capitalist's banking-account in his tool-bag; and the university student looked forward, not to a civil servant's beggarly pay, but to the princely remuneration of a bond-salesman or a corporation lawyer. These were the outlooks of a generation which had been bent upon rifling the cornucopia of a virgin continent, and which had therefore had little patience with any call that threatened to divert or detain the 'go-getters' on their way. But in 1933, when the automatically self-replenishing American cornucopia was unexpectedly and inexplicably 'jamming', a free hand for each and all to plunder Nature was becoming of less importance to the individual than a fair deal between man and man. And 'the new deal' which was to turn the old mining camp into a new commonwealth was now looked for wistfully, by millions, from the President's hand. Franklin Roosevelt was hailed as the *deus ex machina* who had made his epiphany at Washington, at the crucial moment, in order to save American society by bringing this miraculous moral change about.

In thus pinning their faith to the hem of the garments of a super-man, the American people in 1933 were reacting to the World-Crisis in somewhat the same fashion as their German and Italian and Russian contemporaries. In externals, no doubt, President Roosevelt's bearing was as different from that of an Old World dictator as a Boston policeman's uniform was different from General Göring's. The reigning President was the peacefully and lawfully elected incumbent of an ancient constitutional office, and not the child of revolution. Nor could the state of American feeling which preceded or followed his election and inauguration be described as revolutionary in any ordinary sense. The fading vision of the nineteenth-century American eldorado was still so deeply imprinted upon the American people's imagination that it endued this temperamentally impatient nation with an immense and magnificent patience in enduring unaccustomed and unparalleled hardships. How long this habitual patience might survive the disappearance of the social conditions from which it had sprung was a question which could not be answered in 1933. The foreign observer of the American state of mind in that year could merely take note of its likeness to the war-time state of mind in the European belligerent countries during the General War of 1914-18. During those four years of extreme tribulation, the European belligerent peoples had sought relief from their psychological tension by perpetually demanding of their war-time rulers

that they should do some new thing—and what thing mattered little, so long as it was something drastic and sensational and ostensibly directed towards ‘winning the War’. In the United States of 1933, which was a country psychologically at war with the Economic Depression, a similar demand was perpetually being made upon the President by the public, and was perpetually being satisfied by the President in the war-time manner. The successive ‘new things’ which President Roosevelt launched in that year were fateful for the future, not only of the United States, but of the World at large, in whose destinies the policy of the United States was at this time one of the decisive factors.

## (ii) Adjustment and Revival

By H. V. Hodson

### (a) THE AMERICAN BANK CRISIS

In the unfolding of economic events during the fourth year of the depression, there can be no doubt which country was the principal instrument of Fate. In 1931 it had been first Austria, then Germany, then Great Britain. In 1932 it was the debtor countries, who dammed their external trade and froze their foreign exchange markets in a losing endeavour to meet their obligations. In 1933 it was the United States. On the 4th March of that year, when President Franklin Roosevelt assumed office, every bank in the country was closed by government order, and foreign exchange business was completely at a standstill. Within a few weeks the dollar had been loosed from the gold standard—the consequences for world trade and finance being scarcely less tremendous than those which followed Great Britain’s abandonment of gold in September 1931. In June the long-heralded World Economic Conference met in the belief that exchange stabilization would be accomplished as part of an effort on all fronts towards world trade recovery; it adjourned six weeks later having accomplished but a few fragments of its task, because President Roosevelt had made it plain that such expectations were false. Late in October the third act of the drama of American foreign exchange began with the adoption of a gold-buying policy designed to drive down the gold value of the dollar, and thus, indirectly, to bring about an internal rise of prices.

It was not by accident that the United States became the focus of the economic historian’s attention in 1933. So strong was the creditor position that she had built up since the World War, so ample her monetary reserves, that she could withstand without even



a rumoured threat to her solvency the international financial strains to which every country was subjected after the Credit-Anstalt crisis. True, the volume of her overseas trade had fallen far more than that of Great Britain, for instance, since the first onslaught of the slump. Between 1929 and 1932 the merchandise imports of the United States fell from \$4,399,000,000 to \$1,323,000,000, while her merchandise exports fell from \$5,241,000,000 to \$1,612,000,000. Nevertheless, by comparison with Great Britain, the ratio of her external trade to the whole national income was small, while her vast capacity for production of all kinds, both primary and manufacturing, gave her a better opportunity than was enjoyed by any other great nation to isolate herself from world forces, even from those which she herself had been the principal means of setting in motion.

For these reasons, among others, financial crisis was delayed in the United States; yet it could not be for ever averted. The slump had exposed and aggravated the notorious weakness of her internal banking structure. Moreover, the depression had been far deeper in the United States, certainly than in Great Britain, and probably deeper than in any other industrial country. Unemployment, for instance, reached a total of fourteen millions (according to the estimates of the American Federation of Labour), which would indicate a percentage of unemployment nearly twice as high as the maximum experienced in Great Britain. The index of industrial production fell by over 54 per cent. from the peak in September 1929 to the trough in July 1932. Factory employment, in the same interval, fell by 46 per cent.; what is still more significant, the aggregate pay-roll of factory employees fell by 64 per cent. In other words, the wage-bill of the factories included in the return was little over one-third of what it had been three years previously.

The population of the United States, moreover, was in a chronic condition of over-indebtedness. For this condition, the political leaders of the boom period cannot escape responsibility. Encouraged to believe that the half-spurious prosperity of 1929 must go on increasing, the people naturally over-committed themselves. When the slump came, thousands of investors in securities had their capital completely wiped out. Agricultural mortgages presented the most striking problem; for the farmer had to bear the brunt of the fall of prices, and he was exceptionally powerful in politics. The insolvency of mortgagors, and the tremendous decline in capital values, even of what had been regarded as the best securities, shook the credit structure down to its foundations. Had the assets of the United States banking system as a whole been valued at their market worth

at the beginning of 1933, it is doubtful whether all the capital and reserves of the banks would have been sufficient to make up the aggregate deficit thus established in the balance sheets. Of course, if there were a sufficient margin of liquidity, such potential insolvency might continue for years without disaster, but only an exceptional demand for cash was needed in order to expose the weaknesses that had been allowed to accumulate by mistaken economic leadership.

Such a run on the currency reserves would probably have taken place sooner or later, in default of a big industrial revival, as the general public got wind of the banking weakness. Rumour persistently assailed the repute even of the strongest institutions. It was an act of Government that crystallized the public distrust. Congress, suspicious of the secret use of public moneys, ordered the publication in detail of the loans made to banks by the Reconstruction Finance Corporation. The revelation that a number of large and respected banks had been compelled to seek recourse to these credits was a shock to public opinion. Among the banks whose difficulties, thus unveiled, caused the greatest perturbation was the Union Guardian Trust Company, of Detroit. In the summer of 1932, this bank, whose resources totalled about \$60,000,000, had been advanced a total of \$16,150,000 by the Reconstruction Finance Corporation, of which \$9,475,839 was still outstanding on the 6th January, 1933. That such a state of affairs, not critical in itself, should exist in Detroit was an extremely ominous fact, for Detroit was renowned for its local patriotism and sense of tradition, in which sound finance had played an important part. The public began to direct against the Union Guardian Trust Company and its banking connexions the process—typical of the depression years—of transferring deposits from the weaker to the stronger banks. What was still more important, the actual hoarding of currency began to increase throughout the country. By the second week in February the affairs of the Union Guardian Trust Company reached a stage of crisis. There were particular reasons why this bank should not be allowed to close in bankruptcy. The extent to which the Reconstruction Finance Corporation would be involved in the failure was publicly known. A severe blow would be struck at confidence in the banking system in Detroit, throughout the State, and even elsewhere. The Trust Company was controlled by a holding concern which also controlled a number of other banks and trust companies in Michigan, all of which would presumably be implicated.

Taking advantage of the public holiday to celebrate Lincoln's birthday, on Monday, the 13th February, the Governor of Michigan,

Mr. William Comstock, held a long consultation with local bankers, representatives of the Reconstruction Finance Corporation and of the State Banking Commission, the Deputy Governor of the Federal Reserve Bank of Chicago, the United States Secretary of Commerce, the Under-Secretary of the Treasury, and others. As the presence of these notabilities showed, it was recognized that the decision to be taken was of vital moment for the whole country. Early on the 14th February the Governor declared an eight days' bank holiday throughout the State of Michigan.

The suspension of banking business was not, in fact, complete. The arrangements that were made for partial withdrawals of deposits were, however, used only to a slight extent, indicating that the public, perhaps reassured by decisive governmental action, had not altogether lost faith in the banking system. On the other hand, deposits continued to drain away from banks in various parts of the country, at an accelerated pace. On the 16th February, in an effort to maintain easy money conditions, the Federal Reserve Bank of New York resumed its large-scale purchases of government securities, and lowered its bill buying rate from 1 per cent. to  $\frac{1}{2}$  per cent. At the same time money was moving out of the United States, forcing down the value of the dollar. In London the Exchange Equalization Fund had to buy dollars in order to prevent an undue rise in sterling, and on the 17th February alone the Bank of England bought nearly £4,000,000 of gold. Critics in America, observing these portents, remarked that Great Britain must have overstated her case in suing, as she was at the time, for a reduction of her War Debts. From the point of view of London, however, this was 'bad money', representing not economic strength but financial liability.

Nothing of striking importance in connexion with the banking crisis happened for the space of ten days—nothing, that is to say, which could 'make the front page', although the accumulating difficulties of the banks may be guessed from the figures of currency withdrawals. On the 1st February the total of money in circulation was \$5,652,000,000; on the 15th February it was \$5,854,000,000. By the 21st February the total had risen by a further \$134,000,000, and \$362,000,000 was added in the next six days. Over the same period of less than four weeks, the excess reserves of the Federal Reserve banks, above their bare legal requirements, fell from \$1,476,000,000 to \$1,078,000,000.

Although the Federal Reserve system as a whole still had an ample margin on which to draw, the pressure on individual banks, inside and outside the system, rapidly became intolerable. On the night

of the 24th February, a three days' bank holiday was declared in Maryland. The effect, not unnaturally, was to increase apprehension elsewhere and to accelerate the demand for currency. A number of States, including New York, New Jersey, Michigan, Indiana, and Wisconsin, enacted legislation giving State banking commissioners power to restrict withdrawals from banks. On the 25th February the Federal authorities began to take a hand. Congress passed the so-called 'Couzens' amendment to the National Bank Act, authorizing the Controller of the Currency, with the approval of the Secretary of the Treasury, to extend the same privileges to national banks in difficulties as State banks were accorded at times of emergency; that is, the banks might be permitted to withhold the major portion of their deposits for six months, extensible at presidential discretion for another six months. Within the next few days there was another crop of bank holidays, particularly in the South. The Governor of Kentucky was compelled, for want of any other constitutional means of suspending banking business, to declare 'Days of Thanksgiving', presumably for small mercies. The great banks of New York were unimpeachably liquid, but they were being subjected to heavy withdrawals to meet the needs of the banks in the interior. On the 27th February two more large States, Pennsylvania and Ohio, were added to the list of those permitting restrictions on the withdrawal of bank deposits.

On the evening of the 2nd March President-elect Roosevelt arrived in Washington. Already there was talk of a national moratorium, though the outgoing Administration would naturally be reluctant to assume such a responsibility. Eleven States (Alabama, Arizona, California, Kentucky, Louisiana, Maryland, Michigan, Nevada, Oklahoma, Oregon, and Tennessee) had already declared bank holidays. The New York situation was causing particular anxiety. During the first three weeks of February, New York banks supplied to banks in other parts of the country nearly \$500,000,000 in cash by drawing upon their excess reserves and by selling bills. The banks in New York City that were members of the Federal Reserve system lost \$444,000,000 in deposits in the week ended the 1st March. The Federal Reserve Bank of New York, which on the 16th February had tried to ease the situation by lowering its buying rate for 90-day bills to  $\frac{1}{2}$  per cent., was forced to raise the rate progressively to 1 per cent. on the 27th February,  $1\frac{1}{2}$  per cent. on the 1st March, 2 per cent. on the 2nd March and  $3\frac{1}{4}$  per cent. on the 3rd March. The rediscount rate (corresponding to London bank rate) was raised from  $2\frac{1}{2}$  to  $3\frac{1}{2}$  per cent. on the 2nd March. The loss of gold from bank and Treasury

reserves amounted in a week to \$226,000,000 (over £45,000,000 at par), including an estimated total of \$11,000,000 for internal hoarding.

On the 3rd March it was announced that Mr. Roosevelt had decided to summon Congress immediately. On the previous evening his Secretary-designate of the Treasury, Mr. William Woodin, had held a conference in New York with a number of leading bankers. The situation was hourly growing more desperate. On the 3rd March alone, \$109,000,000 of gold was placed under earmark in New York, and bank holidays were declared in Georgia, Idaho, New Mexico, Texas, Utah, Washington, Wyoming and the District of Columbia. Early on the 4th March, the day of the presidential inauguration, the climax of the banking crisis was reached with the declaration of bank holidays in the States of New York and Illinois. Before the day was out every State in the Union was wholly or partly under banking restrictions.

Franklin Roosevelt took the oath of office as President of the United States shortly after one o'clock that afternoon. Never had a new President been confronted with so momentous a crisis or so tremendous an opportunity. It was not entirely by chance that the banking collapse coincided with Mr. Roosevelt's inauguration. In November the public had recorded its overwhelming vote of No Confidence in the Hoover Administration, whose continuation in office thereafter prevented any real improvement of economic psychology, or any revival of faith in the American credit system. The stupendous fall in capital values, and the want of coherence and order in the banking structure of the country, made some financial reorganization inevitable if there was not to be a collapse. Yet the hands of the Administration were tied by the existence of a hostile Congress and the imminence of changes in the Executive. Once the popular nervousness had declared itself, executive impotence and public distrust ensured that it would become a panic rout. The people of America were looking, after their fashion, for a sign, and they found it in the new President.

His inaugural speech was terse and blunt. 'Only the foolish optimist', he declared, 'can deny the dark realities of the moment.' There must be an end, he said, to the conduct in banking and business that had too often given to 'a sacred trust the likeness of callous and selfish wrong-doing'. There must be definite efforts to raise the values of agricultural products; strict supervision of all banking and credit investments; an end to speculation with other people's money; and provision for an adequate but sound currency. 'Our international trade relations,' said Mr. Roosevelt, 'though vastly important, are,

in point of time and necessity, secondary to the establishment of sound national economy. I favour as a practical policy the putting of first things first.' Thus he foreshadowed the isolationist trend of policy that perturbed the World at the London Economic Conference three months later, and again when the gold-buying policy was adopted in the following October.

Considering its magnitude, the American banking crisis caused surprisingly little dislocation in the financial markets of the world. Foreign exchange dealings were suspended on the 4th March in London and the other international bourses, but even on Monday the 6th it was possible to reopen dealings in all currencies but United States dollars. International securities were marked down, and the possibility that the United States might abandon the gold standard was regarded as a bear point for gold-mining shares. In spite of the closeness of their connexion with United States markets, the Canadian banks were unshaken by the crisis—indeed, their position had been rendered even more liquid than before by the influx of American funds during the panic period.

The President acted swiftly. Immediately after the inaugural ceremonies he proceeded to summon Congress for a special session on Thursday, the 9th March. Late on Sunday, after consultation with bankers, business men and Congressional leaders, he issued a proclamation establishing a four days' bank holiday throughout the United States. During the holiday no bank might 'pay out, export, earmark, or permit withdrawal or transfer in any manner or by any device whatsoever, of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof'. Nor might it transact any banking business whatsoever, save with the permission of the Secretary of the Treasury. The latter was empowered to make arrangements for the issue of clearing house certificates, and to authorize the opening of special trust accounts subject to withdrawal on demand without restriction. By a further proclamation on the 9th March, the bank holiday was continued on the same terms for an indefinite period.

The Secretary of the Treasury, in execution of the authority thus given him, issued a series of regulations progressively relaxing the ban on banking business. On the very first day of the national bank holiday, he authorized banks to make change, to allow customers access to safe deposits, to cash cheques drawn on the Treasurer of the United States, to accept payments in cash or other acceptable form; to handle drafts, pay out cash, and perform any other banking functions essential to the transportation or delivery of food or food pro-

ducts; and to accept trust deposits on the terms of the proclamation. Partly thanks to these and later reliefs, and partly on account of the evidence of public calm and confidence, practically no clearing house certificates were issued, although complete arrangements had been made for their use in New York and other centres.

When Congress met on the 9th March, it received a message from the President asking for 'the immediate enactment of legislation giving to the executive branch of the Government control over banks for the protection of depositors; authority forthwith to open such banks as have been already ascertained to be in sound condition and other such banks as rapidly as possible; and authority to reorganize and reopen such banks as may be found to require reorganization to put them on a sound basis'. Mr. Roosevelt also asked for 'amendments to the Federal Reserve Act to provide for such additional currency, adequately secured, as may become necessary to meet all demands for currency . . . without increasing the unsecured indebtedness of the Government of the United States'.

The same day, Congress passed the legislation desired by the President, unanimously in the House of Representatives, and against seven contrary votes in the Senate. The Act, though intended, according to its preamble, to meet an emergency, was really permanent in its effect. Among its more striking provisions were the following:

1. During a national emergency, the President should be authorized to investigate, regulate or prohibit any transactions in foreign exchange, transfers of credit between or payments by banking institutions, and the export, hoarding, melting or earmarking of gold or silver coin or bullion or currency.

2. Whenever in the judgment of the Secretary of the Treasury such action should be necessary to protect the currency system of the United States, he might require under penalty the delivery to the Treasury of all gold coin, gold bullion or gold certificates.

3. Whenever he should deem it necessary the Controller of the Currency should have power to appoint a conservator for any national bank, possessing in general the rights, powers and obligations of receivers in bankruptcy.

4. National banks should be authorized to issue preferred stock, and if such a bank (or a State bank) should be in need of funds for reorganization purposes, the Reconstruction Finance Corporation might subscribe to the preferred stock, or make loans secured on it.

5. Federal Reserve banks should have the right to issue notes against the deposit, with the Treasurer of the United States, of any direct government obligations, or of any notes, drafts, bills of

exchange or bankers' acceptances. (The last clause was to expire with the bank holiday.)

6. 'In exceptional and exigent circumstances', a member bank of the Federal Reserve system, unable for want of eligible assets to secure rediscount credits in the normal way, might borrow from a Federal Reserve bank on its own time or demand notes.

In a statement to the Press on the 11th March, and in a radio broadcast on the following day, the President explained his plans for the termination of the bank holiday. On Monday, the 13th March, banks in the twelve Federal Reserve cities would be opened under governmental licence. Similarly, sound banks in 250 cities possessing recognized clearing house associations would be given licences to reopen on Tuesday, and sound banks elsewhere would be authorized to open on Wednesday or later. The reopening of the banks had to be extended over a period 'in order to permit the banks to make applications for the necessary loans, to obtain currency needed to meet their requirements, and to enable the Government to make common-sense check-ups'. Banks which were not members of the Federal Reserve system could and would receive assistance from member banks and from the Reconstruction Finance Corporation. The emergency legislation had made it easier for banks to convert their assets into cash; and where any bank could not reopen without being reorganized the Government had been enabled to assist in making the reorganization quickly and effectively. The Secretary of the Treasury, in a communication issued on the 10th March, made it clear that neither he nor, he hoped, the State authorities would permit any bank to reopen at any time 'on a full 100 per cent. basis' until they were satisfied that it was a sound going institution, 'to the end that no bank should be reopened for business on any basis that would run the risk of being forced to close again because of demands which it was not in a position to satisfy'.

These plans were smoothly carried into practice. By Wednesday, the 15th March, most of the banks in the country had resumed business. They were still barred, however, from entering into foreign exchange transactions, except those undertaken for legitimate and normal business requirements, for reasonable travelling and other personal expenses, or for the fulfilment of contracts entered into before the 6th March. Nor were any banks allowed to pay out gold or gold certificates. A considerable number of unsound banks had been refused licences. In New York the Harriman National Bank remained closed, and on the 14th March Mr. Joseph Harriman, head of the firm, was arrested on a charge of making false entries in the



bank's books.<sup>1</sup> Out of 6,694 member banks of the Federal Reserve system, 1,307 had not received licences by the 29th March. The deposits of the unlicensed banks totalled \$2,715,280,000 (£558,000,000 at par), compared with deposits of \$25,849,639,000 (£5,312,000,000) in the licensed banks. Over one-third of the frozen deposits were in the Federal Reserve District of Chicago, which included the City of Detroit. Nine months after the Michigan bank holiday, the two largest banks affected by the Detroit crisis had not reopened. Depositors of one had received 60 per cent. of their money up to that time, and depositors of the other 50 per cent.; the closing of the latter institution was reported to be the largest failure in the history of United States banking.

As far as the reopened banks were concerned, no abnormal difficulties were encountered. Indeed, money had begun to flow back into the banks long before the holiday period ended. On the 4th March the total of money in circulation had been \$7,485,000,000, and on the 8th March \$7,538,000,000. By the 15th March it had fallen to \$7,269,000,000, a drop of \$269,000,000 (£55,000,000 at par). On the 4th March the total ascertainable monetary gold stock of the United States was composed of \$1,389,000,000 in circulation (including gold certificates), and \$2,853,000,000 in the Treasury or in Federal Reserve banks. By the 15th March the amount of gold in circulation had fallen by \$370,000,000 (£75,000,000), and the amount in the reserves had risen by slightly more than that. Only \$10,000,000 of currency had to be issued under the emergency provisions. When the New York stock exchange reopened on the 15th March, the market was extremely buoyant, making up, on the average, the whole of the losses suffered since the beginning of February.

Technically, the United States was already off the gold standard, since the unlimited purchase and the free export of gold had both been suspended, but the World did not generally expect at that time a practical abandonment in the shape of a large depreciation of the dollar against gold currencies. In fact, when dealings in the dollar were resumed in London on the 13th March, the net result of the banking crisis was seen to have been an appreciation of United States currency against sterling, as the following table shows.

<i>London on:</i>	<i>Par.</i>	<i>Feb. 13.</i>	<i>Mar. 3.</i>	<i>Mar. 13.</i>
New York (\$ to £)	4·86 $\frac{2}{3}$	3·43 $\frac{1}{2}$	3·45 $\frac{1}{2}$	3·42
Montreal (\$ to £)	4·86 $\frac{2}{3}$	4·12 $\frac{1}{2}$	4·08 $\frac{1}{2}$	4·14 $\frac{3}{4}$
Paris (fr. to £)	124·21	87 $\frac{7}{8}$	87 $\frac{7}{16}$	87 $\frac{5}{16}$

<sup>1</sup> On the 27th June, 1934, Mr. Harriman was sentenced to four and a half years in a Federal penitentiary, on the sixteen charges on which he had been convicted.

Exports of gold under earmark for foreign Governments or central banks, or for the Bank for International Settlements, were allowed, and it was widely expected in financial circles that the United States would shortly return to the full gold standard.

On the 19th April, however, in exercise of his powers under the emergency banking legislation, the President issued a proclamation declaring that a national emergency continued to exist, wherefore the earmarking of gold for foreign account and the export of gold coin, gold bullion or gold certificates from the United States would be prohibited. The Secretary of the Treasury might issue licences for the export of gold only if it were (a) earmarked already or held in trust for a recognized foreign Government or foreign central bank or the Bank for International Settlements, (b) imported for re-export, or (c) required for the fulfilment of prior contracts or—subject to the approval of the President—for transactions deemed necessary to promote the public interest. The Secretary of the Treasury was given power to investigate, regulate or prohibit all foreign exchange transactions. Needless to say, this announcement caused a severe slump in the dollar.

	<i>Apr. 15.</i>	<i>Apr. 18.</i>	<i>Apr. 19.</i>	<i>Apr. 20.</i>
\$ to £	3.44 $\frac{5}{8}$	3.46 $\frac{1}{16}$	3.56	3.81 $\frac{1}{2}$

As Mr. MacDonald was then on the high seas *en route* for Washington, where at the President's invitation he was to discuss political and economic questions of common interest, this move by Mr. Roosevelt was regarded in many quarters as tactless if not coercive. His hand was certainly not forced by pressing economic circumstances akin to those which drove Great Britain off the gold standard in 1931. Had there been any persistent over-valuation of the dollar in international trade, it would presumably have been soon reflected in a rise in the relative value of sterling and of other currencies already off gold. The dollar did indeed depreciate by 5 per cent. against sterling between November 1932 and March 1933, but in the latter month it was still 9 per cent. above its sterling value twelve months previously. In 1932 the United States had a merchandise export balance of \$288,000,000, and in the first four months of 1933 her total export balance was actually higher than in the corresponding period of 1932. The balance of her international payments in 1932 had given her a net credit of \$131,000,000 on all current items, which was partly liquidated by a gain of \$91,000,000 in gold and currency. The movements of long-term capital showed a net inward balance of \$217,000,000, whereas in the short-term capital market there was a net outward movement of \$371,000,000. By the beginning of 1933,

in fact, the United States had largely liquidated her previous short-term debtor position. At that date the short-term debt of foreigners to the United States exceeded by \$145,000,000 (£30,000,000 at par) the short-term debt of the United States to foreigners. The latter sum, at \$913,000,000 (£188,000,000), had fallen to less than one-third of its level two years previously.

Thus the United States was not exposed to a sudden outflow of foreign short-term funds which would seriously have depleted her gold reserves. These amounted, at the end of March, to \$4,282,000,000 (£880,000,000). As for the danger of a flight of American capital, it was a contingency always to be reckoned with, but it had not assumed menacing proportions in the month following the end of the bank holiday, and such as there was had been generated largely by the very belief that the gold standard would soon be deserted. Nor was the United States forced off gold because her relative price level was too high. On the contrary, she went off because her internal price level was too low. The wretched return received by primary producers, many of whom had heavily over-borrowed, and most of whom had borrowed at uneconomically high rates of interest, was the crying political problem of the day. In Congress, inflationism had plainly begun to threaten the more conservative intentions of the Administration. Even Mr. Roosevelt's own plans were likely to raise prices to a level at which, given existing exchange rates, American industry might have been severely handicapped in world competition. The United States, in short, deliberately abandoned the gold standard because, in the judgment of the Administration, to maintain it might have interfered with their plans for raising American prices. Perhaps the most telling immediate motive was the outflow of gold, which contrasted, in the eyes of Washington, with the prohibition imposed on the purchase of gold by American citizens, to the unfair advantage of the foreigner.

#### (b) THE WASHINGTON CONVERSATIONS

Soon after his inauguration President Roosevelt discussed with the British Ambassador the possibility of a visit by Mr. MacDonald, and on the 6th April the Prime Minister received and immediately accepted an invitation to discuss 'preparations for the World Economic Conference and the need for making further progress towards disarmament'. On the following day invitations to send personal representatives to Washington were dispatched to France, Germany, and Italy, and to Argentina, Brazil, Chile, China, and Japan. Later Canada and Mexico were added to the list. The scope and intention of the

conversations were left vague, but considerable public attention was paid to a press announcement by the Secretary of State, Mr. Cordell Hull, in the course of which he declared that the United States had been one of the leaders in the movement of economic nationalism, and that now, when as a result of that movement every nation found itself 'flat on its back economically', it was high time to recognize that American responsibility involved leadership in a movement in the opposite direction. In fact, the Washington conversations were looked upon by the world at large as the first step away from the traditional isolationism of the United States.

On the 19th April, while Mr. MacDonald was on the Atlantic, the United States specifically abandoned the gold standard. This move, which seems to have been politically inevitable, was portrayed in some quarters as a deliberate seizure by the President of a potential bargaining instrument for his exchanges with European representatives. Even if there were no escaping the decision, said these critics, the President must be blamed for not waiting at least until he had learnt the minds of Mr. MacDonald and his other distinguished visitors. Considerations of courtesy, however, might have been dangerous, even if they could have overborne the urgencies of the moment. If America was to be off gold by the time the World Economic Conference met, it was as well that she should go off before the Washington conversations, which would otherwise have proceeded on quite false hypotheses.

Mr. MacDonald landed on the 21st April and went straight to Washington. Naturally the discussions turned immediately towards currency matters, but there was no chance at the moment of any definite formulation of American policy. In any case, as an official statement pointed out, it was never intended that the conversations should result in definite agreements, for they were designed merely 'to explore and map out the territory to be covered'. The area surveyed included 'the world price level, central bank policy, monetary standards, exchange restrictions, improvement of the status of silver, and in addition a number of problems relating to trade and particularly the limitation of trade restrictions'. On the 25th April a joint *communiqué* on the subject of War Debts was issued by the President and Mr. MacDonald.<sup>1</sup>

The Prime Minister left Washington on the 26th April. With Mr. Roosevelt, he had previously issued a joint statement which was promptly adopted by public opinion as an unofficial programme for the World Economic Conference, and which therefore deserves quota-

<sup>1</sup> See below, p. 81.

tion at length. The conversations, it ran, had disclosed that the two Governments

were looking with a like purpose and a close similarity of method at the main objectives of the Conference. The necessity for an increase in the general level of commodity prices was recognized as primary and fundamental. To this end simultaneous action needs to be taken both in the economic and in the monetary fields. . . . There should be constructive effort to moderate the network of restrictions of all sorts by which commerce is at present hampered, such as excessive tariffs, quotas, exchange restrictions, etc. The central banks should by concerted action provide adequate expansion of credit, and every means should be used to get the credit thus created into circulation. Enterprise must be stimulated by creating conditions favourable to business recovery, and Governments can contribute by the development of appropriate programmes of capital expenditure.

The ultimate re-establishment of equilibrium in the international exchanges should also be contemplated. We must, when circumstances permit, re-establish an international monetary standard which will operate successfully without depressing prices and avoid a repetition of mistakes which have produced such disastrous results in the past. In this connection the question of silver, which is of such importance in trade with the Orient, was discussed, and proposals were tentatively suggested for an improvement of its status.

These questions are all inter-related and cannot be settled by any individual country acting by itself. The achievement of sound and lasting world recovery depends on co-ordinating domestic remedies and supplementing them by concurrent and simultaneous action in the international field.

Meanwhile, Monsieur Herriot had also begun his conversations with the President. Their object and result, according to a joint statement of the 28th April, had been as complete an understanding as possible between the two countries in regard to their common problems. The field covered was much the same as that of the Roosevelt-MacDonald conversations, but it may be assumed that the discussion on War Debts did not come so near to the discovery of an acceptable solution. The President had to reckon with public opinion incensed at the French default, and Monsieur Herriot with public opinion determined not to pay in the absence of any Reparation receipts.

### (c) RECOVERY IN AMERICA: FIRST STAGE

Between President Roosevelt's assumption of office and the opening of the World Economic Conference, vitally important changes took place in the political and economic structure of the United States—important not only for her own citizens but almost equally for the rest of the World. The changes came in obedience to two main

motive forces: the development of the President's own ideas, and the temper of Congress, stirred up by the clamour of the people. Congress, particularly the Senate with its dominant representation of primary producers, was in a mood for inflation. The farmers demanded higher prices and debt relief; the silver interests demanded the free coinage of silver; the 'sound-money' men were suspect as tools of the financial powers that the nation had grown to distrust and hate; the state of unemployment cried aloud for massive expenditures of public money, whether upon relief or upon works, and, as no one was prepared for higher taxation, large-scale government borrowing was the only possible means of finance. The President, however, was not by any means so convinced that inflation must be preferred, among the instruments available to him for the assault upon depression. He came to the White House with an open mind upon monetary policy, though with a convinced distrust of bankers, big business and money power generally. He was steeped in the radical tradition of opposition to private control of public services. Beyond that, it was hard to guess from his previous career or his campaign speeches whether his drift would be towards adjustment or towards inflation as his cure for the slump.

His first acts as President were unmistakably deflationary. The Emergency Bank Act, it is true, contained provision for the issue of notes on exceptionally easy terms; but that was intended merely to tide over a panic period, and in fact the emergency currency was never required; whereas the 'sound-money' provision that only unquestionably strong banks should be allowed to reopen had a profound and enduring effect in limiting the credit base. His budget message, strategically delivered before Congress had got its wind after the banking crisis, was even more conspicuously deflationary;<sup>1</sup> he cut the veterans' bonuses—previously regarded as almost sacred—by about one quarter, reduced the salaries of Congressmen and Federal employees, and by other adjustments of revenue and expenditure set out to balance the ordinary budget. The contemporaneous repeal of the Volstead Act and the resultant taxation of beer, pending the repeal of the Eighteenth Amendment, helped to persuade Congress to accept these economy measures.

Nor did the President's deflationary measures stop there. His later attempts to assist agriculture, by the reduction of mortgage debts and the restriction of supply, sought rather to achieve adjustment

<sup>1</sup> The term is used, of course, in a direct sense only. Indirectly, by encouraging private enterprise, a balanced budget might mean an expansion of public purchasing power.

to a diminished volume of purchasing power than to expand the latter to its former amount. Although the economic philosophy of the National Industrial Recovery Act was confused, and although many quasi-inflationists, distracted by its offer of higher prices, lent it their support, many of its provisions were primarily deflationary in character. The public works programme attached to the Act may indeed be regarded as an essential part of it, but in so far as NRA was directly concerned with the price level, its aim was not to raise purchasing power in relation to costs, but on the contrary to inflate costs on the principle that costs become purchasing power at the second remove.

Mr. Roosevelt, however, was not the slave of any rigid programme or apparatus of economic ideas. The Farm Bill began as an attempt to secure adjustment to conditions of deflation. It ended as a sweeping mandate for inflation. Partly, the metamorphosis was the result of Congressional pressure, to which the Administration perforce acceded. On the 13th April, against the wishes of the White House, the Senate adopted an amendment guaranteeing to farmers a price for their output no less than their costs of production. The inflationist temper of Congress, thus exemplified, began to frighten the financiers and to cause a drain of gold. On the 18th April Mr. Roosevelt felt himself compelled to accept an amendment, associated with the name of Senator Thomas, granting wide powers of monetary inflation. Once he had done so, events drove him to a suspension of the gold standard. Yet whatever the political compromises may have been, it seems improbable that their outcome was specially repugnant to the President, or that they did more than make up his mind for him. As early as the 21st March he had sent to Congress his Civil Conservation Corps Bill, designed to maintain 250,000 or more men at work on the national forests, at great expenditure of public money; he also requested an appropriation of \$500,000,000 for direct unemployment relief, to be distributed through the States by a Federal Relief Administrator. These augmentations of public spending were prime movers of inflation. The balancing of the budget had fallen into its place as a demonstration to the nervous and a rebuff to vested interests.

The Farm Bill, as it eventually emerged with the Thomas amendment attached, was both startling and compendious. It consolidated under a single authority all the multifarious existing agencies for the distribution of Federal credit to farmers. It provided machinery for reducing farm mortgages and exchanging them into indirect government loans at 4 per cent. (Similar relief was given in another measure

to those who had mortgaged their homes.) The Farm Bill also authorized the Secretary of Agriculture to bring about a restriction of primary production by a variety of means; the principle was that the farmer would be given a bounty in proportion to his cuts in acreage, payable out of the yield of a processing tax (i.e. a tax on the manufacture of the commodity in question). The Bill gave the President power to reduce the gold content of the dollar by 50 per cent. or any less proportion. It authorized him to open the mints to the unlimited coinage of silver, and to fix the ratio between silver and gold. In furtherance of this purpose, he might in the course of one year accept up to \$200,000,000 in silver on account of War Debt payments, at a rate of not more than 50 cents an ounce. He was given power to sell up to \$3,000,000,000 in American Government securities to the Federal Reserve system, and to issue up to \$3,000,000,000 in paper currency ('greenbacks') for the redemption of outstanding Federal obligations, on condition that the notes were retired at the rate of 4 per cent. per annum.

The National Industrial Recovery Act was even more heterogeneous both in content and in inspiration. Three main motives animated its construction. First, certain leaders of 'big business' had adopted the idea of industrial 'planning' as a means of combating the evils of unrestricted competition; they were baffled, however, by public fears of exploitation, which had found their most striking expression in the anti-trust Acts of 1890 and 1914. Second, social workers and leaders of progressive opinion, who had an able representative in Miss Frances Perkins, the Secretary of Labour, recognized the disastrous effects of chaotic competition, both in labour and in products, upon those employed in industry. In the United States, factory legislation lagged far behind the accepted standard in Great Britain; and the need of it became all the more acute during the depression, when the weakest were forced to the wall. Third, organized labour had attached itself to the 'lump of work' theory, modified by the tenets of 'technocracy'. The idea was that unemployment could best be diminished by spreading the volume of work available among a greater number of people, that is to say, by shortening hours and by taking whole classes of workers, like young children, out of the labour market altogether. Political opinion did not immediately perceive how these ideas inevitably conflicted with each other. For instance, if shortening hours was not to lead to worse wage-conditions, there must be provision for higher hourly wages, and that meant on the face of it a blow to profits. The employers, on the other hand, being naturally animated by the profit motive, were seeking to limit



competition, and in the process would almost certainly limit the volume of employment offering.

Title I of the resultant Act was based on a declaration that there existed a national emergency. This declaration enabled government counsel and the courts to treat as constitutional certain provisions that might have been ruled unconstitutional but for the emergency. Any association genuinely representative of a trade or industry might draw up a code of fair competition. The code would not become effective until it had secured the approval of the President, who might amend or amplify it, or grant exemptions. Once approved, it would assume the character of law, violations being punishable by fines. Recalcitrant industries might have codes imposed upon them. Every code must establish the right of the employees to collective bargaining and to trade union membership. It must prescribe maximum hours, minimum wages, and other working conditions. The main provisions of the Bill (which carried exemption from the anti-trust laws) were to remain in force for two years, unless the emergency should previously be declared at an end.

Title II authorized the President to spend \$3,300,000,000 on public works in the broadest sense, including naval construction and slum clearance.<sup>1</sup> While this provision had little direct connexion with the major part of the Act—even less, indeed, than the Thomas inflation amendment had with the Farm Bill—it was in effect the essential counterpart of the code system. Without the augmentation of purchasing power implied in the public works programme, NRA might have fatally dislocated industry, and, by raising costs faster than demand, have diminished the volume of employment and even forced down the prices of primary products.

The third major piece of legislation in this period was the Glass-Steagall Banking Act. Its main purposes were to extend the system of branch banking, to initiate the co-operative insurance of bank deposits, and to check such speculative and corrupt practices as had been unearthed by the Senate Committee's current investigation into banking operations. National banks were to be allowed the same branch banking rights as State banks.<sup>2</sup> Member banks of the Federal Reserve system, together with private banks, were forbidden to combine security business with the acceptance of deposits. The Act further established a Federal Deposit Insurance Corporation, with

<sup>1</sup> This was not by any means all new money. Approximately \$1,000,000,000 had already been allocated by Congress, much of it under the regular Federal Budget, from which it was transferred.

<sup>2</sup> Nine States allowed State-wide branch banking, sixteen permitted branch banking within certain limits, and eighteen States prohibited it.

funds of \$2,000,000,000. From the 1st January, 1934, onwards, all deposits up to \$2,500 each in the Federal Reserve member banks and in all other banks meeting the requirements of the Corporation were to be insured under a temporary scheme. Permanent insurance was to begin six months later. Deposits up to \$10,000 were to be fully covered, those from \$10,000 to \$50,000 covered as to 75 per cent., and above that as to 50 per cent. After two years' operation of the scheme, no State bank would be allowed to participate unless it were a member of the Federal Reserve system. The permanent resources of the Corporation were to come from the Government, the Federal Reserve banks, and the participating banks. Many of the latter naturally complained that they were being penalized for the benefit of their inefficient and potentially bankrupt competitors. The aims of the scheme were obviously two: to restore the confidence of the public in the safety of the banks, and to move, by the indirect steps that alone were politically possible, towards a unified banking system.

Among the other measures of international interest passed before the summer recess were the 3·2 per cent. Beer Act, legalizing the sale of light ales; the Securities Act, imposing heavy personal penalties on individuals or officers of corporations who should misrepresent facts in connexion with the public flotation of securities; an Act setting up Federal employment exchanges; and a resolution annulling the 'gold clause' in both public and private contracts.

All this time the general economic condition of the United States was unquestionably improving. Commodity prices reached their nadir in February 1933; the most conspicuous advance thereafter was achieved by the prices of farm products, which rose from an average of 40·9 in February (1926 = 100) to 60·1 in July. The index of industrial production, after falling to 60<sup>1</sup> in April (1923-5 = 100), rose to 100 in July. The index of factory employment (on the same base) rose from 57 in March to 70 in July, while factory pay-rolls increased from 37 per cent. of the 1923-5 level to 50 per cent. It would be hard to account for this activity without acknowledging the great influence of speculative forces. Little new money was coming into circulation. Construction contracts awarded from February to July of 1933 were nearly 40 per cent. less than in the same period of 1932. During these six months, the contracts awarded for public works and public utilities were actually 60 per cent. below the 1932 figures. New capital issues were smaller than ever. Recovery, both of trade and of prices, was being caused by being presumed;

<sup>1</sup> The indices of production and employment are adjusted for seasonal variations.

the consuming public, holders of stocks of raw materials and manufactured goods, the manufacturers themselves, and above all investors in securities, hastened to buy while prices were still low. No doubt many industrialists expanded their output in advance of demand because they anticipated a rise of costs under the National Industrial Recovery Act. Meanwhile the mere depreciation of the dollar had a stimulating effect on certain prices, principally those of commodities, like wheat, whose price was fixed on a world market. By the middle of July, the dollar had fallen from its parity of 3·918 cents to one franc to 5·70 cents—a drop of over 30 per cent.

#### (d) THE WORLD ECONOMIC CONFERENCE

The genesis of the World Economic Conference was briefly mentioned in the last volume of this *Survey*.<sup>1</sup> Statesmen and publicists who believed that the best way to solve the besetting problems of a distressed world was to 'talk them over round a table' were flying kites about the possibility of an international economic conference all through the early months of 1932. At the end of the May of that year, the British Government inquired, through their Ambassador in Washington, whether the United States would be willing to take part in 'an international conference for the purpose of considering methods to stabilize world commodity prices'. The United States Administration replied, though with some caution, in the affirmative.

Nothing further of note emerged directly from this initiative, as it was felt on the British side that the Reparations and War Debts problem ought first to be cleared away. The Lausanne Conference of June 1932 was summoned to discuss not only Reparations but also 'the other economic and financial difficulties which were responsible for, and might prolong, the world crisis'. The terms of reference were thus extended, however, largely in order to appease French opinion, which could not accept a conference whose sole ostensible purpose was to revise—that is, reduce—Reparations. The delegates came prepared for the most part only to discuss Reparations, and made for home as soon as agreement on that issue had been reached. The rest of the ground, furthermore, had not been explored, and important countries like the United States and Russia, who were not involved in the Reparations settlement, were not represented. Hence the best that the Lausanne Conference could do was to pass a resolution inviting the League of Nations 'to convoke at a convenient date and at a place to be fixed a conference on monetary and economic

See the *Survey for 1932*, pp. 41 and 113.

questions'.<sup>1</sup> The Conference decided 'to entrust the preliminary examination of these complex questions, which were closely inter-dependent, to an authoritative committee of experts'. The Governments of Belgium, France, Germany, Italy, Japan, the United Kingdom and the United States were to be invited each to send two delegates to the preparatory committee. The Council of the League would nominate six delegates, and the Bank for International Settlements two. Sir John Simon's motion at the meeting of the League Council on the 15th July, 1932, embodying this resolution, evoked strong criticism from representatives of the smaller Powers; ever jealous guardians of the League's rights, they felt that the Great Powers represented at Lausanne had foisted upon the League the terms of reference, and the machinery of organization, of a conference for which the League was otherwise to accept responsibility. Sir John Simon, however, pacified the critics, asking for the appointment of a committee of the Council to undertake the preliminary work, such as the determination of the place and date, and generally to organize the work of the expert preparatory commission. Thus the World Economic Conference became a League affair.

At the end of July 1932 it was stated in Washington that the United States Government agreed to participate in the Conference only upon the condition that neither War Debts nor tariffs would be discussed. Had this reservation been put into effect, the labours of the Conference would have been confined, on American initiative, to questions of monetary standards and foreign exchange, with the possible addition of subsidies and prohibitions international public works schemes, and the restriction of primary production. The United States Administration was reported to be particularly anxious to secure international discussion of the problem of remonetizing silver. The November elections put a rather different face on the terms of America's participation in the World Conference. President Roosevelt swept the country, at the head of a great Democratic majority, on a platform which included the negotiation of reciprocity treaties for the reduction of tariffs, and which generally had a lower-tariff bias. The War Debts problem had been passed over with a formula, and indeed no American party would commit itself to a policy of reduction, let alone cancellation, of Inter-Ally Debts; but from the standpoint of internal politics the new President would

<sup>1</sup> This connexion with Reparations naturally provoked in the United States some distrust of the World Economic Conference. This was enhanced by Mr. MacDonald's blunt reference to War Debts in his opening speech. (See below, p. 45.)

obviously be in a far better position than his predecessor to grant concessions when the time came. War Debts continued to be barred from the agenda of the prospective Conference, but the exclusion of tariff problems was interpreted as barring only the discussion of specific tariff rates, as distinct from general customs policy.

Meanwhile the technical preparations were going forward. The preparatory commission of experts met early in November and again at the beginning of January, under the presidency of Dr. Trip, the President of the Netherlands Bank. Political leaders, especially in Great Britain, who had adopted the holding of the Conference as an integral part of their programme of economic reconstruction, pressed eagerly for an early meeting. The experts, however, were unable to conclude their preliminary work without considerable argument and investigation; for they rightly thought that the holding of the Conference would be useless unless the general lines to be followed in solving admitted problems had been accepted beforehand, and that therefore their task went beyond the realm of diagnosis into that of policy.

On the 25th October, Sir Walter Layton, who had been British delegate to the Expert Commission, with Sir Frederick Leith-Ross as his colleague, resigned that position on account of differences of opinion between himself and the Government 'as to what further action was required to restore reasonable freedom to the movement of international trade'. The Government favoured the plan of bilateral negotiations on a most-favoured-nation basis, whereas Sir Walter Layton felt the time had come for a move towards the idea of a low-tariff group.

The Draft Annotated Agenda,<sup>1</sup> submitted to the League Organizing Committee by the preparatory commission of experts on the 20th January, 1933, was unfortunately not a very decisive document. The object of the Conference, wrote the experts, as far as tariff policy was concerned, must be to reach a general agreement for the reduction of tariffs, and to maintain more moderate tariff policy in the future. As a preliminary measure, they suggested the conclusion of a 'customs truce'. To bring about a general reduction of tariffs, they went on, two ways were open—reduction by percentages, and reduction to a uniform level. The Conference should 'consider combining these two methods'. The Commission, after noting certain special aspects of the tariff problem, proceeded to recount another classification of the methods by which tariff reductions might be effected: (a) by general agreement of the Conference; (b) by a collective agreement

<sup>1</sup> *League of Nations Document No. C. 48. M. 18. 1933. II.*

of a group of Governments; (c) by bilateral negotiations; (d) by autonomous action on the part of the Governments individually. Without multilateral agreements in some form, they felt, no serious progress towards generally lower tariffs could be expected from bilateral negotiations. If universal agreement should prove impracticable, there remained the possibility of collective agreements concluded between particular states, open to the adhesion of all the others. However, the experts thought that the question of procedure was not of capital importance, given the will to reduce barriers to trade among the participating Governments.

They devoted a special section to the most-favoured-nation clause, which, they considered, should under normal conditions form the basis of commercial relations between nations. They referred, however, to 'a suggestion which had been strongly pressed in various quarters', to the effect that 'states should admit an exception to the most-favoured-nation clause whereby advantages derived from plurilateral agreements should be limited to the contracting states and to such states as might grant equivalent advantages'. The Commission, who were plainly not of one mind on this issue, drew attention to the terms under which alone such exceptions to the most-favoured-nation clause could be admitted,<sup>1</sup> and concluded with the hopeful if unprecise recommendation that the Conference should endeavour to find a solution which would reconcile the interests of all.

This part, at least, of the experts' report presented comprehensive agenda but equally eclectic annotation. Except upon the point of principle (to which presumably every Government would have subscribed), they can hardly be said to have given a clear lead to the statesmen. They might, indeed, have claimed that neither their terms of reference nor their expert competence authorized them to lay down a hard-and-fast itinerary for the pursuers of economic disarmament, but they themselves described their annotated agenda as 'containing detailed suggestions for the solution of the problems before the Conference', and even as 'a comprehensive programme of world reconstruction'. The fact is that the experts disagreed about the best methods to be pursued in the field of tariff reduction, and, short of betraying their lack of unanimity, could do no more than pass on the responsibility to the Governments.

In other parts of their proposals they were able to pronounce a more decisive judgment. Their recommendations on monetary questions are of particular interest in view of what happened when

<sup>1</sup> See the *Survey for 1932*, p. 36.

the Conference met. It must be remembered, however, that, when the Commission reported, the United States had not yet left the gold standard, nor was there then any apparent prospect of her doing so.

The restoration of a satisfactory international monetary standard [they wrote] is clearly of primary importance. The World Conference, in the absence of another international standard likely to be universally acceptable, will have to consider how the conditions for a successful restoration of a free gold standard could be fulfilled. In our view, among the essential conditions are the restoration of equilibrium between prices and costs and, in the future, such a reasonable degree of stability of prices as the world measure of value should properly possess. The time when it will be possible for a particular country to return to the gold standard, and the exchange parity at which such a return can safely be made, will necessarily depend on the conditions in that country as well as those abroad, and these questions can only be determined by the proper authorities in each country separately.

Among the conditions necessary for the restoration of a free international gold standard the Commission mentioned the solution of major political problems; a settlement of inter-governmental debts; a return to a reasonable degree of freedom in the movements of goods and services, in the foreign exchange markets and in the movement of capital; a general understanding to ensure a better working of the gold standard in the future; internal equilibrium in the different countries, including a balanced budget, healthy conditions in the money market and 'a sufficient degree of flexibility in the national economy'.

The experts admitted that countries off the gold standard found it difficult to return while the future of gold prices was uncertain. On the other hand, the very fact that exchanges continued to fluctuate helped to depress prices. In face of this dilemma, they considered how to bring about such a general recovery as would facilitate a return to gold. Countries with a free gold standard and with abundant monetary reserves should pursue a liberal credit policy, should allow gold to flow out freely, and should not hinder sound foreign investments. Countries off the gold standard should not depreciate the external value of their currency below the point required to re-establish internal equilibrium, and should smooth out day-to-day fluctuations in the exchanges due to speculative influences. Wherever exchange restrictions had been introduced, they should be totally abolished as early as possible, beginning, if need be, with restrictions applied to foreign trade. In certain cases, where the external value of the currency had depreciated, such relaxation might necessitate the abandonment of existing parities.

It was important, the experts said, that any declarations in favour of the restoration of an international gold standard should, at the same time, indicate certain essential principles for its proper functioning under modern conditions. Central banks should be independent of political influence. Gold reserves, declared the Commission, were primarily required to meet external demands for payment caused by some disequilibrium on the foreign account. Yet it had to be recognized that legislation in many countries rendered much gold unavailable for international use. Among other possible remedies, a great advance would be made if legal minimum requirements of gold were substantially lowered below the customary 33 $\frac{1}{3}$  or 40 per cent. ratio. The system of holding foreign exchange balances as part of the monetary reserves (the gold exchange standard), if properly controlled, might hasten the return to an international standard in many countries without highly developed capital markets. It was very desirable that central banks should invest their foreign exchange holdings with or through the central bank of the country concerned or with the Bank for International Settlements. Other methods of economizing gold included the replacement of small notes by subsidiary coin, and the increased use of cheques, especially in official transactions. Co-operation among central banks ought to be extended, and in this connexion the Bank for International Settlements should be able to play an increasingly important part, not only by improving contacts, but also as an instrument for common action.

On the subject of silver, the Commission held that bimetallism must be regarded as impracticable, and, assuming that to be so, silver was unsuitable for extensive inclusion in the metallic reserves of a central bank. The Conference should, however, examine how far the use of silver in subsidiary coinage could be enlarged; also whether, and if so by what methods, the marketing of the metal was susceptible of improvement. They added the highly important truism that from the point of view of commercial relations with silver-using countries, particularly China, trade interests would be best served, not by a rise in the price of silver as such, but by a rise in the general level of commodity prices.

The next chapter in the report dealt with the disequilibrium between prices and costs. Obviously one method of restoring the lost balance was to reduce costs, but maladjustments between different sets of prices would not thereby be corrected; moreover, the burden of debts would continue to present difficult problems. Equilibrium might also be restored by a rise of prices, and one method of achieving that was to limit supply. On this point, the references



of the Commission were extremely guarded. 'The question requires to be considered', they wrote, 'whether, particularly in the case of certain primary commodities where large stocks are overhanging the markets, a better level of prices could not be obtained by the regulation of exports or production. Such an arrangement could be of special importance in the case of wheat.' In any event, if such action was to contribute to the effective solution of the crisis, 'its object should be not only to adjust the interests of the producing countries, but also to safeguard those of the consuming countries.

Prices might be raised by the pursuit of a liberal credit policy and by a reduction of long-term interest rates; but, if these measures were to have the desired effect, a demand for credit must arise. For various reasons, it was possible to expect a spontaneous improvement of demand for goods, but the suggestion was often made that Governments should actively increase the purchasing power in the hands of the public by extensive public works schemes. If, wrote the experts, such a policy were not kept within reasonable limits, and if it were to result in deteriorating government credit, the lowering of long-term interest rates might be delayed. It was, they declared, very much as an outcome of increasing confidence in the general financial and economic structure that they expected an increase in effective demand. They regarded it as improbable that public works could be internationally financed in the immediate future to any considerable extent.

A recovery of sound international lending, which would put purchasing power into the hands of countries with a limited supply of domestic capital, would have a helpful effect on prices. Obstacles to such a resumption must be cleared away; apart from exchange instability, they included the control of foreign exchange markets and, in certain cases, the existing burden of debts. In considering the latter point, the Commission wished to stress the necessity for the creditor countries to follow such a policy as would finally place the debtor countries in a position to pay off their obligations in the form of goods and services. The second general point that they emphasized was the importance of maintaining respect for contractual undertakings. Only when, as a result of unforeseen circumstances, it had become impossible for contracts to be carried out in their entirety, should adjustment be effected, and then essentially by agreement between debtors and creditors, whether for long-term or for short-term debts. In regard to the latter class, the experts held that the existing system of standstill agreements, exchange restrictions and transfer moratoria, which served to place good and bad debtors

on a footing of equality and thus tended to destroy the credit of the good debtors, should be brought to an end as soon as possible, and be replaced by a definitive solution which would take into account the circumstances of each individual case.

The experts certainly destroyed any illusions which the Governments may have had that the economic problems to be faced were simple or were capable of solution by the application of a few straightforward principles. What help were the Governments given towards solving them by this unanimous report? The members of the Commission were at least agreed upon the objectives: lower tariffs; the abolition of prohibitions, quotas, exchange controls, and other non-tariff restrictions on international trade; the stabilization of exchanges; the reform of the gold standard; higher prices; the resumption of international lending, if necessary after agreed adjustment of existing debts to meet altered circumstances. They were not wholly agreed upon the paths of international co-operation whereby these aims were to be reached (for instance, they gave no clear decision about the value of low-tariff groups<sup>1</sup> or about the need for restricting the production of certain commodities). Nor did they present a programme indicating the order in which they thought the different problems should be tackled. Indeed, their general view was that only by dealing with the whole complex simultaneously could any real advance be achieved. Of the return to the gold standard they acknowledged that it could not be expected until there was, among other things, belief in a recovery of prices. For such a recovery, they looked to the liberation of credit and to 'increasing confidence in the general financial and economic structure'. Tariff policy, they agreed, could not be dealt with in isolation. An effective and lasting return to greater freedom of trade could not be looked for unless it were accompanied by a general and durable improvement in financial and monetary conditions, any more than a permanent improvement of the financial and monetary situation could be looked for so long as international trade was not freed from its chief obstacles. The most definite recommendation, in point of temporal order, was that in favour of the progressive relaxation, and complete abrogation at the earliest possible date, of the emergency measures—prohibitions, quotas, &c., together with excessive tariffs—imposed as a result of the crisis. Action in that direction had an intimate bearing, the experts declared, upon the stabilization of currencies, as it was impossible to maintain an international monetary system except on the basis of an international economic system. They believed, however,

<sup>1</sup> See the *Survey for 1932*, pp. 34-40.

that 'the Governments of the World must make up their minds to achieve a broad solution by concerted action along the whole front'. It must be repeated that, when the experts reported, the United States had not yet left the gold standard; hence the problem of currency stabilization had not assumed either the proportions or the complexity that characterized it when the Conference actually met.

The Organizing Committee of the Conference had agreed at its meeting in November 1932 that three months would be required for the Governments to consider the experts' draft annotated agenda before the plenary session of the Conference could be held. That would have put the opening date at mid-April. It was recognized, further, that it would be of little use to make the final preparations for the Conference until the new President had assumed office in the United States, especially as the War Debts problem, though excluded from the agenda of the Conference proper, would have to be faced *pari passu* if any substantial results were to emerge in the fields of exchange stabilization or tariff reduction. Later, the American banking crisis pointed still more emphatically to the United States as the key to the holding of the Conference. No decision was taken, therefore, until after the Roosevelt-MacDonald and Roosevelt-Herriot conversations. Previously, the group of countries on the gold standard had been opposed to the early convocation of the Conference, as they felt that the time was not yet ripe. But the depreciation of the dollar presented to their currencies such a threat—real or imagined—as could only be exorcised by international agreement; and it is plain that their impression of the result of the Washington conversations was that President Roosevelt had promised to take part at least in *de facto* stabilization. Accordingly, at its meeting on the 29th April, the Organizing Committee fixed the 12th June as the opening date of the Conference. This date was understood to have been agreed upon by President Roosevelt and Mr. MacDonald at Washington.

It was at this period of the preparations that the United States Government took the lead in proposing the signature of a 'tariff truce'<sup>1</sup> for the period of the Conference. The proposal was promptly acceded to by Great Britain and a number of other Powers, and by the 12th June fourteen states had accepted the truce (some with reservations), whereby they agreed not to adopt, before that date or during the proceedings of the Conference, any new measures which might increase the difficulties adversely affecting international trade.

<sup>1</sup> See the *Survey for 1930*, pp. 486–95, for an account of the Geneva Conferences for the purpose of establishing a tariff truce.

Forty-seven states afterwards acceded to the truce, making a total of sixty-one states, representing nearly 90 per cent. of the trade of the World.

In the six weeks that followed the summoning of the Conference, however, the rulers and governors of the United States were compelled by the tide of American affairs and opinion to project the economic policy of the nation inward rather than outward. The National Recovery Act was introduced, with all its provisions as to wages, hours, and prices, which were calculated to force up the costs of industry and trade, and thus postpone once more the reduction of tariffs. In fact one section empowered the President to restrict imports if they seriously interfered with the proper working of the codes. The Thomas 'Farm-Inflation' Bill,<sup>1</sup> seeking a rise of agricultural prices both directly by way of restriction schemes and other devices, and indirectly by way of currency expansion, was even more serious from the point of view of the outside world; for its effective application would prevent not merely a reduction of tariffs but also any immediate measure of currency stabilization. Comfort was taken from the internationalist pronouncements of Mr. Secretary Hull, who was to lead the American delegation to the London Conference, and from the terms of a message addressed on the 16th May by President Roosevelt to the heads of the states taking part in the World Economic Conference, in the course of which he mentioned, as the objects of the Conference, 'the stabilization of currencies, the freeing of the flow of world trade, and international action to raise price levels'. But the inflationist and isolationist attitude of Congress could not be left out of account, nor such straws in the wind as the proposed tariff resolution, empowering the President to increase duties, if need be, in the course of negotiations with foreign Powers; or as the joint resolution of Congress invalidating the 'gold clause' in contracts and bonds, both public and private.

The vital fact was that both before and during the Conference the American public was led to perceive a direct connexion between the day-to-day movements of the exchange rates and the fluctuations of commodity and stock markets. When the dollar slumped, prices in Wall Street and the Chicago grain pit promptly moved up. When the dollar improved, the markets reacted. However delusive these circumstances may have been, they persuaded the public to regard attempts at securing the stabilization of the dollar as nefarious European plots to hinder American recovery. On the other hand, it became clear long before the Conference began that France, as the

<sup>1</sup> See above, pp. 31-2.

leader of the gold bloc, regarded exchange stability as the condition of advance in other directions.

Nevertheless, in spite of these forebodings of failure, the Conference was launched with all the circumstance of great expectation. Representatives of sixty-four states met under the presidency of Mr. Ramsay MacDonald in the Geological Museum at South Kensington. His Majesty the King in person welcomed the delegates at the inaugural session, and his words formed an ample and inspiring text for the greatest international assembly ever held.

In the face of a crisis which all realize and acknowledge, I appeal to you all to co-operate for the ultimate good of the whole world.

It cannot be beyond the power of man so to use the vast resources of the world as to ensure the material progress of civilization. No diminution in those resources has taken place. On the contrary, discovery, invention and organization have multiplied their possibilities to such an extent that abundance of production has itself created new problems. And, together with this amazing material progress, there has come a new recognition of the interdependence of nations and of the value of collaboration between them. Now is the opportunity to harness this new consciousness of common interests to the service of mankind.

Perhaps the most remarkable feature of Mr. MacDonald's opening speech was the frankness with which he referred to the War Debt problem.<sup>1</sup> The Conference itself could not consider the matter, but it 'must be dealt with before any obstacle to general recovery has been removed, and it must be taken up without delay by the nations concerned'. The delegates of the countries implicated needed no reminder of the urgency of this issue. In three days' time half-yearly instalments had to be paid on the War Debts owing to the United States, so that in the space of a few hours the choice had to be made between partial or total default, payment in full, and an agreed though not necessarily permanent settlement.

The Prime Minister's peroration was gravely impressive to his hearers, though it raised the grim smile of cynicism when re-read a month or two later.

The fate of generations [he said] may well depend upon the courage, the sincerity, the width of view which we are to show during the next few weeks . . . Have we come to deliberate and decide as though our respective nations were isolated units in the world? Then we shall fail, and a world which looks upon us to-day with expectation will have to drain the bitter cup of disappointment. Have we come knowing that the permanent good of each is dependent on the permanent good of all, and determined to co-operate in coming to agreements which will make a renewal of prosperity possible? Then we shall succeed and the expectations of the world will be justified. We must not fail.

<sup>1</sup> See pp. 81-4 below.

In their magnitude and urgency the problems before the Conference were, indeed, as inspiring to some as they were disheartening to others.

The gathering total of international defaults showed how unbearable had become the load of debts when prices were wretchedly low and when creditor countries with their rising tariffs penalized payment. Only a few days before the Conference opened, the greatest single item was added to the list of defaults when Germany declared a transfer moratorium on all private and public long-term debts contracted before July 1931.<sup>1</sup> World tariffs were still mounting, reinforced by the still more pernicious enemies of private international trade, the quota and exchange control. International monetary organization had practically broken down: sterling and many associated currencies were detached from gold, the dollar was moving in an orbit of its own, the currencies of Central and Eastern Europe were confined in the poorhouse of exchange control, and virtually only France, Belgium, Poland, Switzerland, and the Netherlands, with their dependencies, still shared the cold comfort of the international gold standard. Small wonder that international trade shrank miserably in value, and that unemployment threatened the great industrial countries with social demoralization. On the other hand, to those who knew how to read the portents, the darkness of the storm was giving way to the grey drizzle of incipient and precarious recovery—a fact that had been recognized by the preparatory commission of experts. The Governments had assembled at South Kensington, not, it seemed, to initiate, but to safeguard and promote an economic revival that was already under way.

It is not easy to assess the reasons for this incipient economic recovery. It was not entirely world-wide, but was largely concentrated in the countries whose currencies were relatively depreciated. This suggests, with some conviction, that part of their benefit was gained simply at the expense of others; but that is only a fraction of the truth. The liberation of their currencies from former external strains, besides giving them a competitive advantage in trade, also enabled them to pursue with greater zeal and completeness policies designed to increase internal purchasing power. First among such policies was the maintenance of low money rates. In Great Britain, certainly, the combination of cheap money and changing business opportunities through the alteration of fiscal policy was the mainspring of national economic revival. Its starting point was the conversion of governmental debt in July 1932. In the United States, easy monetary conditions were perhaps of less immediate importance, in initiating

<sup>1</sup> See below, p. 93.

recovery, than the expectation of governmental inflation through budget deficits and public works. It was the expectation rather than the fact of inflation that caused the rise of American prices between March and June 1933. Nothing of substance had yet been carried out to promote recovery. Whatever the ultimate effects of the Farm Act and the National Recovery Act might prove to be, they were not yet in practical operation. The public works programme was an aspiration rather than an accomplishment. More money was locked away in closed banks than ever before. Yet already there was manifest a certain expansion of spending. Where the official optimism of Mr. Hoover and his associates had met with scepticism, disillusionment and unbelief, the natural optimism of Mr. Roosevelt spread like prairie fire through a country the volatility of whose spirits was as evident after the presidential change in 1933 as it had been after the stock market crash in 1929. The enthusiasm was not internationally infectious; indeed, the rapid fall of the dollar in comparison with gold and sterling currencies threatened to exert a deflationary influence on world prices. On the other hand, the United States represented an important market for most industrial raw materials—the principal market for many—and whatever effect her increased competitive power might have had upon the trade of her rivals, her industrial recovery meant for her suppliers an expanding demand and a rising national income.

The rise in prices in the United States and elsewhere was accelerated by the depletion of overhanging stocks that had taken place in certain commodity markets. This, it is true, was not yet a very noticeable feature of the economic world, especially as it was consumers' rather than producers' stocks that had run down; but by 1932 the decline in world output of commodities other than cereals generally exceeded the compression in the demand for them.

Other economic adjustments, international and internal, were taking place simultaneously and strengthening the foundations of recovery. In spite of the still lengthening list of defaults, the international debt burden had grown somewhat easier, by reason both of the funding or repatriation of capital and of the relief to debtors provided by the depreciation of the pound and the dollar. Since the greater part of the world's international indebtedness was expressed in these currencies, a rise of prices in terms of them was a boon to debtors whatever the movement of prices in other countries may have been. Debtor countries, meanwhile, had gone a long way towards restoring their external financial position by learning to do without imports.

In each national economy, apart from the forces already mentioned, the fall in personal incomes was bringing about a decline in the proportion of saving to consumers' expenditure; sooner or later even the need for providing against the ever more threatening perils of the future could not outweigh the present demands for the replacement of outworn clothing, furniture, motor-cars and other chattels. What was true of individuals applied also to industrial and commercial firms. Some depleted their reserves in order to maintain dividend appropriations. Many were forced by conditions of intensified competition to purchase new machinery and fresh stocks of raw materials. Meanwhile, the shift of demand, under the influence of fashion, inventions and unclassifiable changes in public taste, was creating opportunities for new investment even as it debased former capital values. Some trades, furthermore—most obviously those, like catering and the production of branded goods, which could take advantage of low raw material prices without feeling any strong pressure to lower the prices of their products—flourished even in depression, and these too made calls, for the purpose of investment, on the diminished flow of savings.

It seems unlikely that the leading statesmen who took part in the London Conference were fully aware of these tendencies towards economic recovery. Their eyes were on the storm, not on the rift in the clouds. That made no difference to the problems that they all acknowledged themselves to be facing. Whether trade was on the mend or not, it could never progress beyond a wretchedly low point without greater international freedom. The modern world had been built up on the hypothesis of specialization, whereby the general standard of life had been raised beyond the dreams of the living generation's forebears, and a great fabric of international trade and international indebtedness had been constructed. It would have been possible, perhaps, to abandon the hypothesis and to pursue economic nationalism not as a necessity but as an ideal; but that would plainly have meant an immediate lowering of the standard of material life, and a grand scaling down of debts, not to speak of a fresh crisis among the producers of foodstuffs and raw materials. Statesmen who met to restore the prosperity of the primary industries, to thaw the frozen streams of capital and interest, and to remedy the poverty of their peoples, had no alternative but to place in the forefront of their endeavours the liberation of international trade.

So much they would all have admitted, but the maxim, already grievously disproved by the disarmament deliberations, that he who wills the end wills the means also, was made equally inept by the



Economic Conference. The want of public optimism that attended its opening may be explained by the absence of any comprehensive plan for meeting the difficulties that were recognized on all hands. In particular, there was a sharp clash of opinion between those—like the French—who held that the restoration of an international monetary standard must precede the lowering of tariff barriers, and those—like the British—who held that any such standard would be threatened with imminent breakdown unless the forces that had smashed the gold standard, including excessive tariff barriers, were first subdued. Perhaps the paradox was insoluble; but, when the Conference opened, public opinion in Europe generally believed that a compromise might be found in a temporary stabilization of the exchanges *de facto*, by means of national 'buffer funds' like the British Exchange Equalization Account.

The speeches of the delegation leaders at the first public session of the Conference varied widely in their emphasis upon the different problems to be tackled. Currency stability was mentioned by most of the delegates, but in widely varying terms. 'We have to put an end', said Monsieur Daladier (France), 'to the instability of currencies. The maintenance and restoration of freedom in the movements of gold appear to us essential. How are we to restore the circulation of goods; how are we to make durable economic agreements, if the measure of value continues to depend on hazard or chance?' Signor Guido Jung (Italy) recalled the Genoa Conference's warning against 'the dangers and delusions connected with the depreciation of currency', and its advocacy of a rapid return to gold. 'The wisdom of those warnings', he added, 'has been confirmed by hard experience.' Dr. Beneš (Czechoslovakia) was even more emphatic. 'The stabilization of currencies,' he affirmed on behalf of all the Little Entente Powers, 'especially of the principal currencies, is the first condition for an improvement of the world economic position.' Monsieur Colijn (Netherlands) doubted the possibility of an immediate return to the gold standard, though he acknowledged its desirability. 'We might try in the first instance', he said, 'to devise means whereby the fluctuation in the value of currencies may be kept within certain limits.' Poland, through Monsieur Koc, suggested another form of gradualism. 'We should start by stabilizing the currencies of the Great Powers, which exercise a decisive influence on the international financial market. This . . . would make possible the stabilization of the currencies of other countries which have been compelled to abandon the gold standard as a result of the crisis.' Mr. R. B. Bennett, the Prime Minister of Canada, presented an even

more limited objective, urging 'that the two greatest trading and creditor countries should, at the earliest possible moment, reach an agreement upon a *de facto* stabilization of their exchange rates'. 'Without such agreement,' he added prophetically, 'this Conference will fail in the purpose for which it has been called.'

What, then, were the views of the two great countries to which Mr. Bennett referred? Mr. Chamberlain expressed at length the established eclecticism of British policy. Stability of exchange rates must be reached in two stages. 'The immediate objective should be to secure approximate stability between the currencies of the principal countries of the world in order that trade may not be hampered by violent and unpredictable fluctuations of the basic currencies . . . This first stage should be dealt with immediately. As regards the second stage, the United Kingdom delegation endorse the view that the ultimate aim of monetary policy should be the restoration of a satisfactory international standard, and there is no doubt that a gold standard seems to be generally acceptable.' He then mentioned certain conditions that would have to be fulfilled before the United Kingdom would feel justified in returning to the gold standard. They included a rise in the price level 'sufficient to restore equilibrium between prices and costs', a War Debt settlement, the reduction of tariff barriers, and the reform of the machinery of the gold standard; such reform must include the withdrawal of gold from internal circulation, the reduction of the minimum reserve ratios of central banks, and a closer permanent co-operation among them. This policy differed in no essential particulars from that expressed by Mr. Cordell Hull on behalf of the United States—though of course there was considerable difference between American and British policy regarding the best means of achieving the desired rise of prices. 'In the monetary field,' said Mr. Hull, 'suitable measures must be taken to provide for an immediate policy which will give the greatest possible measure of stability for the period during which the groundwork will be laid for enduring reform . . . The Conference must face the vexed problem of a permanent international monetary standard and lay down the proper function of the metals, gold and silver, in the operation of such a standard in the future.' It remains only to add that the policy expressed by Viscount Ishii on behalf of Japan, the third Great Power whose currency was divorced from gold, was wholly conformable to the broad lines laid down by the spokesmen of Great Britain and the United States. The Japanese Government were prepared to consider 'appropriate measures for the obviation of exchange fluctuations, as an interim step pending the final return to the gold standard'.

It will be observed that while there were considerable gradations of view as to the order in which various international economic measures could or should be taken, there was universal acknowledgment both that some form of currency stability ought to be achieved forthwith, and that the ultimate object was the establishment of a reformed gold standard.

In fact, to the careful critic these opening speeches betrayed greater differences of opinion on the subject of tariff reduction than they betrayed on that of currency stabilization. Of course, almost every national spokesman stressed the vital need for a lowering of tariff barriers throughout the world, though this was a conspicuous omission from Monsieur Daladier's speech; but few mentioned any means of achieving that aim, and where they did they were generally at loggerheads. Several, for instance, like Viscount Ishii, emphasized the necessity for retaining the most-favoured-nation clause in full vigour.<sup>1</sup> For Argentina, Dr. Le Breton (who also laid stress on the need for stability of tariffs, whatever their height) declared that 'any preference of a political nature, or any regional discrimination, must be definitely condemned'. On the other hand, several voices were heard demanding derogations from the most-favoured-nation principle. Thus Mr. Bennett called attention to 'the fact that where most-favoured-nation agreements are of long standing they frequently destroy or greatly lessen the value of a recently negotiated bilateral agreement'. The Little Entente Powers, said Dr. Beneš, upheld 'the principle of general ratification of the most-favoured-nation clause, while being prepared to agree to expressly stipulated derogations from that clause. The derogations might be the result of regional agreement or collective agreement, provided that they be concluded under the auspices of the League of Nations.' Belgium and the Netherlands pleaded for the principle of the Convention of Ouchy,<sup>2</sup> which involved a waiving of most-favoured-nation rights by other countries. Mr. Chamberlain, however, offered no encouragement. 'The United Kingdom Government would find it difficult to agree to any formula allowing derogations from most-favoured-nation treatment in respect of regional or group agreements (falling short of customs unions), except those based on historical associations such as are already generally recognized. Apart from this, however, they would, without committing themselves in advance, be prepared to examine on their merits specific proposals for temporary and limited exceptions which are accepted by other

<sup>1</sup> See the *Survey for 1932*, pp. 18-19, 33 *seqq.*

<sup>2</sup> *Op. cit.*, pp. 33-40.

countries entitled to most-favoured-nation treatment, and which are not prejudicial to British interests.' While His Majesty's Government upheld the most-favoured-nation principle in opposition to agreements like that of the Low Countries, they implied that they themselves might lay aside the principle in order to raise retaliatory tariffs. 'Most-favoured-nation treatment', declared the Chancellor of the Exchequer, 'cannot be maintained to countries which now enjoy its benefit unless they are willing to adopt a reasonable policy in framing their own tariffs and in negotiating new agreements.'

The British Government's view was that a reduction of customs tariffs could best be achieved by a series of bilateral negotiations taking detailed account of the particular trade relations of the negotiating countries. The United States, on the other hand, favoured multilateral action. 'Mutually profitable markets', declared Mr. Secretary Hull, 'can be obtained only by the liberalization of the commercial policies of other countries, and this is only possible by the simultaneous action of all Governments, stabilizing exchange and currencies, and reducing to a reasonable extent trade barriers and other impediments to commerce between nations.' He asked for immediate general adherence by all participating Governments to the tariff truce. The basic idea of the tariff truce was elaborated by Monsieur Litvinov, the chief Soviet delegate, in his advocacy of a 'pact of economic non-aggression'.<sup>1</sup> The types of economic warfare that he denounced included 'all methods of discrimination, tariff wars, covert or overt, currency wars, the discriminatory prohibition of imports and exports, and all forms of official boycott'. A special plea for the abolition of state subsidies to private enterprise, especially export subsidies and shipping subsidies, was put forward on behalf of the United Kingdom, but mention of this issue was significantly avoided by the representatives of other Great Powers, unless we may regard it as covered by Mr. Cordell Hull's 'All unfair trade methods and practices should be abandoned'. Among their smaller brethren, Bulgaria, through Monsieur Malinov, called 'not only for a customs truce and a lowering of the barriers which have been reared by means of prohibitive tariffs, but above all for the abolition of the

<sup>1</sup> On the 15th June the Soviet delegation handed in a draft resolution by whose terms the signatory Governments would withdraw reciprocally all the legislative and administrative measures already passed by them having the nature of economic aggression or discrimination against any one country. It is not intended to impugn the *bona fides* of this move to recall that the British Government had imposed an embargo on certain Russian goods, as a retort to the trial and imprisonment of a group of British engineers employed in the U.S.S.R.

agrarian protectionist system which has been so intensified in most of the industrial countries in Europe, and also for the abolition of restrictions on transit'. To this may be appended the proposition of the Little Entente Powers, that 'the removal of barriers to trade must not be nullified by protectionism such as would ensue more especially from vexatious regulations in the health, veterinary, and phyto-pathological fields'. The only other suggestion of importance regarding the programme of tariff reduction was offered by Dr. Kallas, for Estonia, who very plausibly insisted that creditor countries should take the initiative in moderating their tariffs.

The reduction of trade barriers was, indeed, closely associated with the problem of international debts. Most of the additions to such barriers during the course of the world slump had been designed either by debtor countries to make possible the payment of their debts or by the creditor countries to evade the commercial consequences of being paid. First on the list of international obligations, of course, were the War Debts, which, though excluded from the agenda of the Conference, were mentioned by several leading delegates, notably those of Great Britain and Italy. The chief Estonian delegate went so far as to say that until inter-governmental debts were settled it would hardly be possible seriously to think about the recovery of economic life.

It was generally recognized, however, that the debt problem as a whole, not War Debts in particular, was the proper pabulum for the Conference. The debtor countries were naturally the more forward in proposing revision. Bulgaria, for instance, declared that the equilibrium of her balance of payments and the stability of her currency called for 'the total suppression of reparations debts and the reduction of her external debt in proportion to the country's capacity of payment'. 'It does not seem possible to escape the conclusion', said Mr. G. W. Forbes, the Prime Minister of New Zealand, 'that unless commodity prices can be raised so as substantially to reduce the real burden of existing public and private debts, there must be a general scaling down of these debts. Indeed, such action may in any case be necessary, not as an alternative but in addition to the raising of the price level.'

There was a wide difference of opinion among the delegates regarding the possibility of a considerable rise in world commodity prices. On the one hand, views were expressed like those of Monsieur Koc (Poland), who held it dangerous 'to place too blind a faith in the possibility of any general improvement in prices. This danger would', he added, 'be particularly great if it led us to lose sight of those

capital and fundamental solutions which are necessary—namely, the stabilization of currencies, the re-arrangement of debts, and the re-establishment of commercial free trade.' On the other hand, Great Britain and other countries took the line that the rise of prices was the fundamental necessity; it was the condition of currency stabilization and of substantial tariff reduction, and would render unnecessary the difficult and damaging re-adjustment of debts.

How was a rise of prices to be brought about? The belief of the British Government was that action must be taken in the financial sphere: for example, by the abrogation of exchange controls and the resumption of international lending; and also in the economic sphere, by such means as the co-ordination of production and marketing, the removal of prohibitions and similar barriers and the reduction of excessive tariffs. Action was also necessary in the monetary sphere. 'The fundamental monetary condition of the recovery of prices is that credit should be made available by a policy of cheap money, and that such credit should be actively employed.' The policy of cheap and plentiful money, added Mr. Chamberlain, must be clearly announced and vigorously pursued. The Conference was not, however, by any means unanimously agreed upon the value of such monetary stimulation. Signor Jung, for instance, argued that since all nations, whatever their wealth or monetary policies had been, had suffered alike during the depression, their fortunes—including the decline of prices—must have originated outside the monetary field. In the opinion of his Government, not merely were monetary manœuvres not a cure, but in the end they would make things worse for every one. 'It is not logical to deplore an excess of productive equipment and at the same time to promote an expansion of that equipment by forced injections of credit.'

It is not quite obvious what measures the Italian spokesman would have stigmatized as 'manœuvres' and as 'forced'. He acknowledged, for instance, that 'emergency measures intended to increase consumptive capacity and prompted by considerations of a social character' were perfectly justified, though their effect could be only temporary. The question of public works was touched upon by several delegates. On behalf of the International Labour Organization, Sir Atul Chatterjee put forward a programme adopted by the International Labour Conference then sitting, which included the following proposal:

The restoration to circulation of the capital now lying idle by all appropriate means and notably by the adoption of a public works policy, including the following lines of action:

(a) To set on foot immediately large-scale public works, giving an assured economic yield, particularly in those countries where funds are at present remaining unused.

(b) To secure collaboration between creditor countries and countries lacking capital, many of whom are debtors, in order to undertake in these latter countries large works likely to augment the national income and thereby to increase their capacity to meet external debts.

(c) To co-ordinate these measures on an international basis so as to avoid the possibility, which might arise if individual action were taken, of a disequilibrium in the balance of payments of the various countries detrimental to international monetary stability.

The French delegation were the most notable supporters of this programme. The experience of the nineteenth century, said Monsieur Daladier, had shown that public works on an extensive scale made it possible to mobilize hoarded capital and to render more easy and beneficial the activities of the nations. Mr. Chamberlain was very cautious. The United Kingdom delegation would be very ready to examine with other delegations how far employment could be stimulated by government capital expenditure, but the extent to which this was possible necessarily depended on the circumstances of each country.

Alongside such basically inflationary policies as cheap money and large-scale public works, several delegations advocated the opposite expedient<sup>1</sup> of raising particular prices by means of the regulation of production. 'Production must be adjusted', said Monsieur Daladier, 'to the real possibilities of consumption.' Agreements, he continued, had already been concluded between the various national industries in regard to certain essential commodities, such as steel and chemical products, but the Conference must apply that method generally. Dr. Dollfuss, the Austrian Chancellor, argued that when the exporting countries had raised the price by regulating their production, the importing countries could then lower their tariffs without risk to their farmers. Mr. R. B. Bennett emphasized the same point in advocating

<sup>1</sup> The contrast is not, perhaps, on the surface. The essential feature of an economic depression is a falling away of aggregate monetary purchasing power, resulting in low prices for the primary producer and reduced output for the industrialist. In attempting an escape from the vicious circle that this implies, two main courses are open: to expand purchasing power, which is the way of inflation; or to secure adjustment to a lower level of purchasing power by cutting costs, adjusting debts, and restricting primary production—all of which is the way of deflation. Restriction of production, it is true, may produce in the industries to which it is applied the rise of prices that is equally a symptom of increased purchasing power; its direct effect, however, is not to increase but to transfer purchasing power from one section of the community to another, while its indirect effects may very well include a depression of the prices of unrestricted commodities.

the reduction of wheat acreage 'until the abnormal carry-over which continues to depress the market has been disposed of'. He had been gratified to learn that His Majesty's Government would be prepared to co-operate in the regulation of wheat supplies and supplies of other foodstuffs by the principal exporting countries. In each case (Mr. Chamberlain had said) it was essential that the scheme should have the support of at least a large proportion of the producers concerned and should contain adequate provisions for safeguarding the interests of consumers in importing countries. It remained for the British Dominions, especially Australia and New Zealand, to sound the note of opposition. Producers in New Zealand, said Mr. Forbes, were most reluctant to agree to limitation either of exports or of production. They looked to the removal of barriers, and to the restoration of purchasing power, for the absorption of increasing supplies. Amid so much reference to over-production, very few voices were heard in support of Monsieur Daladier's proposal that the regulation of supply should be supplemented by 'a great effort in the organization of labour and power, and especially by the introduction of an international framework of the reduced working week—a working week reduced, for instance, to forty hours'. The Governments plainly regarded such a measure as wholly impracticable, whatever its theoretical advantages may have been.

It has been necessary to record in some detail the views of the various delegations upon the principal issues before the Conference, in order to lay bare the extent of difference among them. This task is all the more important by reason of the Conference's failure to achieve the main purposes for which it met, since the fact of failure raises the problem of apportioning the blame—and this not only for the contemporary man-in-the-street, who was called upon to pay the price of this failure, but also for any student who might attempt a post-mortem examination. At least the foregoing summary will have shown that the problem of culpability is far from simple. There was not one division of opinion but many. Of course these speeches represented bargaining positions rather than immutable principles of national policy, so it is possible that at least theoretical agreement might have been obtained on all the major problems except currency stabilization. Had this been done, the protagonists in the exchange issue would have found it far harder to allow their differences to shipwreck the Conference under the eyes of the world. However, at this time there was no obvious reason for believing that the exchange issue would cause insuperable difficulties.

Moreover, before responsibility can be apportioned between the



different participating countries, one general question requires an answer. How did it happen that, a year after the preparations for the Conference had begun, the declarations made at the opening session should have revealed such critical divergences of opinion both as to the purposes to be achieved and as to the programme to be followed? With somewhat naïve optimism, General Smuts proposed in his opening speech that 'the purely financial and economic difficulties' should at once be relegated to expert committees. 'What steps should be taken to establish stable currencies and what conditions should be imposed, for instance, on a return to the gold standard at parities varying for the different countries; in what way world prices could be raised by governmental or banking action; how best to deal with the new system of import quotas, licences and exchange restrictions and similar obstructions to trade; under what conditions international lending should be resumed; these and similar questions have their purely financial and economic aspects on which only the trained financiers can properly advise the Conference.' When the expert committees had reported, said General Smuts, the members of the Conference 'should not make too much of their political difficulties', but should 'face the issue fairly and courageously on its merits'. Unhappily, the General had not realized that at the end of six months of study and discussion the experts themselves had been able to produce, on many of the leading questions before them, no more than a vague and equivocal report. Their differences, and the incapacity of Governments to reach a common decision even where the experts were unanimous, could alike be traced to the organic intimacy of the connexion between economics and politics. The advice of the economic experts could not by itself solve the problems before the World Economic Conference; it could only estimate the probable consequences of projected solutions. The economists were merely in the witness box. It was for the politicians to occupy the Bench; and if they preferred to maintain the rôle of pleaders they could blame no one but themselves for the resulting confusion.

It was decided at the opening session to set up a Bureau which would act as a steering committee and as an executive for the Conference. The Bureau consisted of a representative from each of the following countries: Argentina, Canada, China, Czechoslovakia, France, Germany, Hungary, Italy, Japan, Mexico, the Netherlands, Spain, Sweden, the United Kingdom, the United States and the U.S.S.R. On the 15th June, upon the Bureau's recommendation, two commissions were formed—one to deal with monetary, the other

with economic questions. The committee organization was eventually as follows:

*Monetary and Financial Commission*

Sub-Commission I (Immediate Measures for Financial Reconstruction)

• Sub-Commission II (Re-establishment of an International Monetary Standard)

Sub-Committee 1 (Silver)

Sub-Committee 2 (Technical Monetary Questions)

*Economic Commission*

Sub-Commission I (Commercial Policy)

Sub-Commission II (Co-ordination of Production and Marketing)

Sub-Committees on Coffee, Sugar, Wine, Timber, Tin, Dairy Products and Wheat<sup>1</sup>

Sub-Commission III *a* (Subsidies and Merchant Shipping)

Sub-Commission III *b* (Indirect Protectionism)

In spite of the conflicts exposed by the opening speeches, the Conference did not begin its labours in an atmosphere devoid of hope. French policy was from the start intransigent,<sup>2</sup> but that was not true of American policy as it was expressed in London. On the 15th June Mr. Cordell Hull broadcast a message to the United States in the course of which he said: 'The correction of inordinate tariff and other restrictions and obstructions and the stabilization of exchange must be accomplished if there is any lasting good to be reached by this congress of nations.'

On that day it was unofficially but authoritatively reported that an understanding on the subject of currency stabilization had been reached in the course of conversations in London among representatives of the Bank of England, the Bank of France, and the Federal Reserve system. The American authorities taking part were Mr. George Harrison, Governor of the Federal Reserve Bank of New York, Professor O. M. W. Sprague, who had relinquished his post as economic adviser to the Bank of England in order to become special assistant to the Secretary of the United States Treasury, and Mr. James Warburg, a New York banker said to enjoy the President's confidence. No account of these conversations suggested that an immediate return to the gold standard or any other unalterable fixation of the dollar's exchange value was contemplated; and the agreement was couched, apparently, in terms that would permit

<sup>1</sup> See below, p. 71, for a note on the status of the Wheat Committee.

<sup>2</sup> See below, p. 80, footnote.

a considerable latitude of fluctuation. On the 17th June, however, the President rejected the agreement. The United States Government, said the acting Secretary of the Treasury in making the announcement, were willing to listen, but did not wish to be placed in the position of trying to reach a deal. No counter-proposals would be made by the American delegation to take the place of the terms rejected by the President. Nevertheless, European opinion did not consider that stabilization had been ruled out, in view of the unambiguous statements that had been made in its favour by the President himself as well as by members of the United States delegation to the Conference.

This belief that stabilization of some kind would shortly be accomplished was encouraged by the fact that, on the 19th June, Senator Key Pittman, deputy leader of the delegation, introduced a draft resolution of which the following were the opening words:

Whereas confusion now exists in the fields of international exchange, and,

Whereas it is essential to world recovery that an international monetary standard should be re-established,

Now, therefore, be it resolved that all the Nations participating in this Conference agree:

(a) That it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable;

(b) That gold should be re-established as the international measure of exchange values.

There followed paragraphs in favour of the reform of the gold standard, along the lines indicated by Mr. Chamberlain.<sup>1</sup>

Striking as this declaration was, the public had already learnt to discount, as an expression of American official policy, anything not uttered by the President himself. On the 17th June Mr. Cordell Hull had submitted to the Conference the text of suggested agenda for the Economic Commission, in the field of tariffs and commercial policy. The draft began with a proposal for a 'ten per cent. horizontal reduction of import duties (and preferences) in effect in the various countries on the 12th June, 1933'. This cut, and the other multilateral undertakings suggested, would have come into force upon ratification of the agreement by countries representing fifty per cent. of international trade. The further proposals included the 'corresponding liberalization of import restrictions other than tariffs,' agreement upon the principles and practice of import quotas and other restrictive systems, and the encouragement of bilateral agreements for the reduction of tariff barriers, based on the most-favoured-nation

<sup>1</sup> See above, p. 50.

principle 'in its unconditional and unrestricted form'. When, however, this document came to the notice of Senator Pittman he categorically denied that any proposal for an all-round cut of 10 per cent. in tariffs had been submitted by the American delegation.

It was at this juncture that Mr. Roosevelt decided to send Mr. Raymond Moley, the Assistant Secretary of State, to London 'to convey to Secretary Hull and the members of the delegation his impressions of the development of the domestic situation both with respect to the actions of Congress, the development of administrative policy, and the general economic situation of the country'. This was naturally interpreted as a sign that whatever Mr. Roosevelt's intentions might have been during his first weeks of authority, he had been forced to bow to the inflationism of Congress and the country at large. Senator Couzens, the only Republican in the delegation, remarked on the 19th June: 'Between the time of the calling of the Conference and the present, the developments in America seem to indicate that internationalism will conflict quite severely with our national economic programme. If my analysis is correct we cannot carry through both programmes. Sooner or later in the Conference we shall have to decide which programme we are to follow.'

Meanwhile, discussions on the subject of stabilization were proceeding among the leading delegations. The general public was very much in the dark, and it was largely in order to make the position clearer that on the 22nd June the American delegation issued the following statement:

Undue emphasis has been placed upon consideration of the plan proposed for temporary *de facto* stabilization of currencies. The fact is that this was never an affair of the delegation. It was considered by representatives of the Treasuries and Central Banks of the United States, Great Britain and France, Dr. Sprague having been especially sent to represent the United States Treasury for this purpose. The American Government at Washington finds that measures of temporary stabilization now would be untimely.

The reason why it is considered untimely is because the American Government feels that its efforts to raise prices are the most important contribution it can make, and that anything that would interfere with those efforts and possibly cause a violent price recession would harm the Conference more than the lack of an immediate agreement for temporary stabilization.

As to the ultimate objective, the American delegation has already introduced a resolution designed for ultimate world-wide stabilization of unstable currencies, and is devoting itself to the support of measures for the establishment of a co-ordinated monetary and fiscal policy to be pursued by the various nations in co-operation with each other, for the purpose of stimulating economic activity and improving prices.

By this time the other Governments had recognized that no operative agreement on the fixation of currency ratios would secure the adherence of the United States, and already some of them were urging the suspension of the Conference. But some last hopes were attached to the visit of Mr. Moley, who was thought to be in a position to inform the American delegation under what conditions stabilization could be contemplated. Mr. MacDonald rather pathetically said, in a press statement on the 23rd June: 'During this week we have had a little setback. Our hopes with regard to temporary stabilization received just a little check. But I never felt that there was very much in it.' His main theme was that, although the success of the Conference in the different economic fields might finally depend on stabilization, the work ought to go on under full pressure, while exchanges of views on the stabilization issue took place both formally and informally.

In this atmosphere of doubt and misunderstanding, the Conference went forward. The exchange situation grew ever more difficult. The dollar fluctuated violently, with a steadily downward tendency, as rumour succeeded rumour. Powerful agitation was aroused in France for immediate withdrawal from the discussions; for French public opinion generally agreed with Monsieur Bonnet that 'the final stabilization of all currencies remained the central object of the Conference'. All agreed that if the dollar was not stabilized against the pound, the pound could not be stabilized against gold currencies. Failure to stabilize the dollar thus seemed to hold out a double threat to the gold standard in the few remaining countries where it was still upheld; hence a bear movement was initiated against the guilder and to a less extent against the Swiss franc. In a week the gold stocks of the Netherlands Bank fell from 834,700,000 guilders (£69,000,000) to 791,800,000 guilders (£65,000,000). On the 28th June the Netherlands Bank raised its discount rate from  $3\frac{1}{2}$  to  $4\frac{1}{2}$  per cent. The run on the guilder precipitated a move towards the formal organization of a 'gold bloc'. The representatives of the gold countries—Belgium, France, Italy, the Netherlands and Switzerland—met on the 29th June, and again on the following day, to formulate a joint policy, which they urgently pressed upon Mr. MacDonald and the British delegation.

Meanwhile Mr. Moley had arrived in London. His public statements about the prospects of stabilization were not encouraging, and he was reported to have been even more negative in his conversations with the United Kingdom leaders. On the other hand the representations of the gold countries were urgent. Their financial

and monetary stability was imperilled, they said, by the continuance of uncertainty. Stabilization was admittedly out of the picture for the moment, but at least a reassuring declaration would check the speculators and arrest the wilder rumours. On the 30th June, therefore, as a result of conversations among the different parties, a compromise declaration was drawn up and submitted to the President. The following is the text of the draft:

*Draft Joint Declaration by the Governments of the Countries on the Gold Standard and by those which are not on the Gold Standard.*

I. The undersigned Governments agree that:

(a) it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable.

(b) that gold should be re-established as the international measure of exchange value, it being recognized that the parity and time at which each of the countries now off gold could undertake to stabilize must be decided by the respective Governments concerned.

II. The signatory Governments whose currencies are on the gold standard re-assert that it is their determination to maintain the free working of that standard at the existing gold parities within the framework of their respective monetary laws.

III. The signatory Governments whose currencies are not on the gold standard, without in any way prejudicing their own future ratios to gold, take note of the above declaration and recognize its importance. They re-affirm as indicated in Paragraph I above that the ultimate objective of their monetary policy is to restore, under proper conditions, an international monetary standard based on gold.

IV. Each of the signatory Governments whose currencies are not on the gold standard undertakes to adopt the measures which it may deem most appropriate to limit exchange speculation, and each of the other signatory Governments undertakes to co-operate to the same end.

V. Each of the undersigned Governments agrees to ask its central bank to co-operate with the central banks of the other signatory Governments in limiting speculation in the exchanges and, when the time comes, in re-establishing a general international gold standard.

VI. The present declaration is open to signature by other Governments whether their currencies are on the gold standard or not.

It will be observed that the first clause of this declaration repeated the words of Senator Pittman's resolution.

On Saturday, the 1st July, the President informed Mr. Hull that he had rejected the joint proposal 'in its present form'. The Conference might thus have been excused for expecting from the President some amendment indicating in what form it would be acceptable. Instead, Mr. Hull presented, on the 3rd July, the following denunciatory statement, which the President himself had substituted for the diplomatic draft suggested by the Secretary of State.

I would regard it as a catastrophe amounting to a world tragedy if the great Conference of nations, called to bring about a more real and permanent financial stability and a greater prosperity to the masses of all nations, should, in advance of any serious effort to consider these broader problems, allow itself to be diverted by the proposal of a purely artificial and temporary experiment affecting the monetary exchange of a few nations only. Such action, such diversion, shows a singular lack of proportion and a failure to remember the larger purposes for which the Economic Conference originally was called together.

I do not relish the thought that insistence on such action should be made an excuse for the continuance of the basic economic errors that underlie so much of the present world-wide depression.

The world will not long be lulled by the specious fallacy of achieving a temporary and probably an artificial stability in foreign exchanges on the part of a few large countries only.

The sound internal economic system of a nation is a greater factor in its well-being than the price of its currency in changing terms of other nations.

It is for this reason that reduced cost of Government, adequate Government income, and ability to service Government debts are all so important to ultimate stability. So, too, old fetishes of so-called international bankers are being replaced by efforts to plan national currencies with the objective of giving to those currencies a continuing purchasing power which does not greatly vary in terms of the commodities and needs of modern civilization. Let me be frank in saying that the United States seeks the kind of dollar which a generation hence will have the same purchasing and debt paying power as the dollar value we hope to attain in the near future. That objective means more to the good of other nations than a fixed ratio for a month or two in terms of the pound or franc.

Our broad purpose is the permanent stabilization of every nation's currency. Gold or gold and silver can well continue to be a metallic reserve behind currencies, but this is not the time to dissipate gold reserves. When the world works out concerted policies in the majority of nations to produce balanced budgets and living within their means, then we can properly discuss a better distribution of the world's gold and silver supply to act as a reserve base of national currencies.

Restoration of world trade is an important partner both in the means and in the result. Here also temporary exchange fixing is not the true answer. We must rather mitigate existing embargoes to make easier the exchange of products which one nation has and the other nation has not.

The Conference was called to better and perhaps to cure fundamental economic ills. It must not be diverted from that effort.

For this rather petulant and confused tirade no one, it appears, can be held responsible but the President himself. He wrote it, with none of his regular advisers at hand, on board the *Indianapolis* at Campobello. Perhaps a word is necessary about the part played by Mr. Moley. Since his arrival he had been regarded by all as the

President's spokesman and as the American representative with whom to deal over currency and exchange. He was instrumental in drawing up the compromise resolution that the President rejected. Yet it has been credibly reported<sup>1</sup> that he later cabled to the President his applause of the latter's message. What is the explanation of this apparent running with the hare and hunting with the hounds? It seems to be simply this: that in London Mr. Moley became impressed with the necessity of saving the Conference by means of a monetary resolution, however vague, and set about concocting one, whereas at the back of his mind he agreed with the President that this was a side issue, and that the real problem was to raise prices by inflationary measures; he left it to the President's judgment whether the draft resolution would psychologically interfere with that purpose. He saw, no doubt, that the want either of unanimity or of expert knowledge among the American delegation was leading them into difficulties upon other issues, and he may well have inwardly wished for an adjournment of the Conference in order that American policy might become more settled.

The resolution, at any rate, was the requiem of exchange stabilization at the World Economic Conference. Naturally, the agitation for the termination or suspension of the Conference was redoubled, not only in the gold countries, whose policy had been frustrated, and who mortally feared the exchange speculation to which the manœuvres of the Conference gave rise, but also in Great Britain, whose sympathy upon the issue of priority between exchange methods and other economic reforms was really on the side of the United States. The Conference, indeed, though nominally at work, was actually in suspense. When the Bureau met on the 4th July, a motion for adjournment was expected from one of the gold countries. Mr. Hull, however, intervened in order to postpone the issue; and on the following day the American delegation, doubtless far from anxious to accept responsibility for the breakdown of the Conference, issued a new explanatory statement.

The revaluation of the dollar in terms of American commodities (ran this document) was an end from which the Government and the people of the United States could not be diverted. What was to be the value of the dollar in terms of foreign currencies would ultimately depend upon the success of other nations in raising prices in terms of their national moneys. After prices had been raised, the next task was to preserve stability. The part that gold and silver should play,

<sup>1</sup> See, for instance, E. D. Lindley: *The Roosevelt Revolution* (London, 1934, Gollancz), p. 189.



once the adjustment had been secured, was a further subject suitable for consideration by the Conference. The great problems that had justified the assembling of the nations were as present then and as deserving of exploration as they had been a few weeks previously; and it was difficult to conceive why the American view on 'this minor issue of temporary stabilization' could in any way diminish the advisability of such discussion.

This pronouncement helped to keep the Conference in being, though the gold standard Powers were far from being mollified. The British Government, unhopeful as they now were of positive results, were not reconciled to the end of an effort to which in their earlier utterances they had attached so much importance. But those who chiefly argued in favour of continuing the work of the Conference, apart from the United States, were the British Dominions; for they had come from afar with high hopes, and they saw no reason for returning so soon, merely because of a disagreement on an issue that they, like the United States, regarded as subordinate.

On the 6th July the Bureau unanimously adopted the following resolution:

Whereas the Bureau is firmly determined to proceed with the work of the Conference to the utmost possible extent and as rapidly as possible;

And whereas, on account of circumstances which have recently arisen, the countries on the gold standard find themselves obliged to declare that, for the time being, it is impossible for them to take part in any discussion of monetary questions, the Bureau agreed unanimously to:

(a) Request each sub-committee to meet as soon as possible to draw up a list of the questions which can in these circumstances be usefully studied by it;

(b) Meet as soon as the reports of the sub-committees have been received, in order to make recommendations as to the arrangements which should be made for the further business of the Conference.

It was decided that the first Financial Sub-Commission should proceed to discuss first the subject of indebtedness;<sup>1</sup> that the second Financial Sub-Commission should consider the co-operation of central banks, the silver problem, and possibly other subjects on its agenda; and that on the economic side the sub-commissions on the co-ordination of production and marketing and on indirect protectionism should continue their work. As for the sub-commissions on commercial policy and on subsidies, it was decided that 'reports should

<sup>1</sup> This represented a hard-won compromise between the views of the gold bloc, who protested that the sub-commission could do nothing, and those of the opposite faction, who held that the whole field of credit policy still lay open for its consideration.

be prepared showing the different views that had emerged during the discussions, and establishing the position from which future work should proceed'. This was indeed a poor residuum of the grandiose ambitions with which the Conference began.

The work that was subsequently performed was desultory and half-hearted, except in certain special fields like wheat restriction and silver marketing. One of the few remaining possible lines of achievement—whether for good or for ill—was blocked when, in a debate on international public works schemes, Mr. Runciman announced the flat refusal of the United Kingdom Government to participate. Their view was that the question of dealing with unemployment by means of public works expenditure was one for each country to decide for itself, but for their part they were abandoning the policy once and for all, and did not think that they could usefully participate in any international scheme of a similar nature. Another path was stopped up when the American delegation, acting in accordance with the views of the Federal Reserve Board, refused to consider more than the principle of central bank co-operation. Partly because its domestic position was uncertain, the Board felt that the moment was not opportune for committing itself on this subject.

On the 14th July, only three days after the residual programme had been drawn up, the Steering Committee of the Bureau bowed to the inevitable, deciding to ask the various sub-committees to conclude their work not later than the 21st July. There would then be plenary sessions of the two main Commissions, and on the 25th July the Bureau would meet and call a plenary session of the full Conference with a view to an adjournment. These arrangements were carried out. On the recommendation of the Bureau, the Conference adopted a resolution empowering the President, Vice-President and Bureau to take whatever action they might consider likely to promote the success of the Conference, for instance the convocation of special committees, and to determine the date of re-assembly. Mr. Cordell Hull urged in vain that the Bureau should be enjoined to meet not later than the 1st November to fix the date for the new session.

The work already performed by the Conference in committee, though comprehensive in scope, was sadly indecisive in content. The pursuit of what many considered the principal object of the occasion, the liberation of trade, was diffident and uninspired. France and the other gold countries protested that nothing could be done to lower tariffs, or abolish prohibitions or other artificial restraints on trade, until currencies had been stabilized. Even apart from that, however, the Economic Commission seemed, in retrospect, hopelessly

divided and leaderless on the vital question of deciding by what process trade barriers were to be reduced. A number of proposals were placed before the sub-commission on commercial policy. After the misunderstanding over the proposal for an all-round 10 per cent. cut in tariffs, the American delegation sought to explain its attitude by presenting, on the 22nd June, a resolution authorized by the President himself. It affirmed

(a) that it is against the common interest for any nation to adopt or continue a policy of extreme economic nationalism and to raise additional trade barriers and discriminations;

(b) that embargoes, import quotas and various other arbitrary restrictions should be removed completely as quickly as possible;

(c) that tariff barriers should be reduced as quickly as possible, by reciprocal bilateral agreements or by multilateral agreements, to a point where trade can once more move in a free and normal manner;

(d) that care should be taken in making bilateral or multilateral agreements not to introduce discriminatory features which, while providing an advantage to the contracting parties, would react disadvantageously upon the world as a whole.

This was scarcely precise enough to be very valuable, and it was, indeed, intended only as a framework within which the delegation would accept any proposals finding favour with the rest of the Conference. One of the American delegates, Mr. McReynolds, incidentally enlivened the proceedings with a rousing speech in which he denounced the American Tariff Act of 1930 as 'unjust and a handicap to commerce'.

Some delegates leaned towards the suggestion of an all-round 'horizontal' cut in tariffs, which others denounced as unduly penalizing low-tariff countries. There were various suggestions for the prolongation of the tariff truce, though again the objection was raised that such measures would tend only to stabilize the existing evil state of things, while providing no means of actually reducing tariffs. For the latter purpose the British delegation reiterated their faith in bilateral agreements, a view that was opposed by several other countries. The Belgian delegation, for instance, held that, if the method of bilateral negotiation were the sole one adopted, it would be quite ineffective and would serve only to favour highly protected states. The Polish delegation proposed that bilateral agreements should be supplemented by a multilateral convention dealing not with individual products but with a progressive lowering of tariffs based on the principles laid down in the Ouchy Convention.

A protracted debate on the most-favoured-nation clause exposed wide differences of opinion. The Belgian delegation asked the Conference

to acknowledge 'derogations to the most-favoured-nation clause in the case of international conventions which aimed at improving international trade and were open to all states'. The Yugoslav delegation pleaded indulgence for 'certain legitimate exceptions, in particular a preferential tariff for farm products which had in fact been working for two years without causing serious damage to other countries'. Monsieur Serre, for France, agreed that 'it was scarcely fair to grant the benefits of the clause unreservedly to countries refusing to practise a reasonable commercial policy'. There was a good deal of support for each of these suggestions, though no one seemed willing to offer a definite programme based either on the maintenance of the most-favoured-nation clause or on its specific suspension.

While the attempt to secure a reduction of customs tariffs was thus bogged in generalities, greater progress might perhaps have been expected in the campaign against prohibitions and other abnormal restrictions on trade. Here too, however, the failure to stabilize exchanges led the gold countries to adopt a somewhat intransigent attitude. It was mainly for the same reason that very little progress was recorded by the sub-committee on subsidies, though the American delegation left no room for doubt concerning their country's firm intention to retain her policy of subsidies to shipping. A number of proposals were offered for the relaxation of non-tariff restrictions on trade; they included a Norwegian plan for reviving the abortive international convention of November 1927 for the abolition of prohibitions and restrictions on imports and exports; a Dutch proposal for the abolition of all quantitative restrictions; and a verbal suggestion from Switzerland that the abolition of restrictions and clearing agreements should be carried out by bilateral agreements. Perhaps the fundamental reason for the want of progress in this sub-commission was the reluctance of individual Governments, while joining in the general denunciation, to abolish the particular forms of restriction that suited their commercial policy. The French delegation, for instance, asked for an exception in favour of agricultural quotas and prohibitions—a proposal most vigorously opposed by the agricultural exporting countries. Monsieur Serre explained that the disequilibrium in the world economic system had shown France's tariff defences to be inadequate; but, sooner than provoke tariff wars by denouncing her trade treaties, she had resorted to import quotas; her present commercial policy was intended to enable her to regain complete tariff freedom, in which case it would be possible ultimately to abandon the quota system. The United Kingdom delegation moved:

(1) That all import prohibitions should be abolished except those admitted by international agreement;

(2) That a very definite distinction should be drawn between import quotas arbitrarily fixed for protectionist purposes, and production or marketing quotas established by international agreement with a view to the raising of prices;

(3) That the greatest importance should be attached to the abolition of arbitrarily established import quotas.

The form of exception suggested was criticized by several delegations. It was, indeed, easier to justify in theory than to apply in practice. For instance, when, in the summer of 1933, the British Government inaugurated their scheme for the marketing of bacon, they secured the concurrence of Denmark, the principal external supplier, in a plan for cutting imports of bacon by 20 per cent., with a view to raising the price; but when a few months later the market was menaced by an unexpectedly large home production, imports were again cut by 16 per cent., despite the objections of the Danish producers. Thus, although these two measures were alike both in purpose and in effect, the former would presumably have been allowed and the latter condemned under the British Government's own classification.

Their belief in the restriction of production was made very plain in the sub-commission on 'the co-ordination of production and marketing'. The question of the control of production, said Mr. Runciman, played a great part in the policy of the United Kingdom, who sought by this means to raise prices not only in her own domain but throughout the world. In this attitude he was strongly supported by the representatives of France and Italy. Monsieur Sarraut (France) declared that the first task of the Conference was to put an end to the chaos in production, which was the root cause of the crisis. It was on British initiative that the sub-commission adopted, on the 27th June, the following resolution:

1. In order to assist in the restoration of world prosperity, it is essential to increase the purchasing power of the producers of primary products by raising the wholesale prices of such products to a reasonable level.

2. In the exceptional conditions of the present world crisis, concerted action is required for this purpose. Apart from any other measures that may be taken to restore the purchasing power of producers and consumers and thus to increase demand, it is desirable that plans should be adopted for co-ordinating the production and marketing of certain commodities.

3. Any agreements to give effect to such plans should conform generally to the following conditions:

(a) The commodity must be one of great importance for international trade in which there is such an excess of production or stocks as to call for special concerted action.

(b) The agreement should be comprehensive as regards the commodities to be regulated; that is, it should not be so narrowly drawn as to exclude related or substitute products, if their inclusion is necessary or desirable to ensure the success of the plan.

(c) It should be comprehensive as regards producers: that is,

(i) It should in the first instance command a general measure of assent amongst exporting countries, and within these countries a substantial majority of the producers themselves;

(ii) Where necessary or desirable for the success of the plan, it should provide for the co-operation of non-exporting countries whose production is considerable.

(d) It should be fair to all parties, both producers and consumers; it should be designed to secure and maintain a fair and remunerative price level; it should not aim at discriminating against a particular country; and it should as far as possible be worked with the willing co-operation of consuming interests in importing countries, which are equally concerned with producers in the maintenance of regular supplies at fair and stable prices.

(e) It should be administratively practicable: that is, the machinery established for its administration must be workable, and the individual Governments concerned must have the power and the will to enforce it in their respective territories.

(f) It should be of adequate duration: that is, it should contain provisions for its continuance for such a period as to give assurance to all concerned that its objects can be achieved.

(g) It should be flexible: that is, the plan should be such as to permit of and provide for the prompt and orderly expansion of supply to meet improvement in demand.

(h) Due regard should be had in each country to the desirability of encouraging efficient production.

Mr. Stanley Bruce said that the Australian delegation would have preferred the words 'it may be necessary' to the words 'it is desirable' in paragraph 2. The opposition of Australia and certain other primary producing countries to these efforts to increase their purchasing power was one of the most notable incidents of the debate. Australia, said Mr. Bruce, viewed restriction as a policy of pessimism. Under schemes to restrict production to existing demand, she would fail in her duty to the world for the development of a great continent, and would find it difficult to carry out her external obligations.

The conclusions of the Commission with regard to individual commodities were as follows. The International Institute of Agriculture, in conjunction with other international bodies concerned, was requested to make a preliminary study of the question of dairy products. The Bureau of the Conference was requested to keep in touch

with the International Sugar Council and with the countries concerned in the production of sugar, and to summon, when it should think expedient, a further meeting for the conclusion of a general agreement. With regard to wine, the sub-commission recommended further investigation by the International Wine Office, at the same time pointing out certain necessary lines of action. To the chief producers of coffee, cocoa, and copper was left the task of making suggestions to the Secretary-General of the Conference for the international organization of the markets in those commodities. Useful negotiations, it was noted, were already in progress in the timber trade. The principal producers of coal were recommended to endeavour to organize production on an international basis, under the auspices of the League of Nations. As for tin, the sub-commission noted with approval the work of the International Tin Committee, and recommended that the countries producing the metal in appreciable quantities, but not already participating in the control scheme,<sup>1</sup> should consult immediately with the International Tin Committee, with a view to their being allotted appropriate quotas.

The most interesting negotiations, however, were those relating to wheat. They were not originally part of the official transactions of the Conference, having been initiated by direct contacts among representatives of the chief producing countries (Argentina, Australia, Canada, and the United States); but they were popularly regarded as part of the Conference's work, their progress was officially noted, and the resultant agreement was published as a Conference document. Their success owed much to the energy of Mr. R. B. Bennett, the Prime Minister of Canada. The plan also fitted well into American policy, which included concentration on the domestic market with a view to eventual independence of world wheat prices. Argentina, impoverished by low prices obtained for her crops, was acquiescent, though her capability of enforcing restriction was always in doubt. Australia, however, raised the most stubborn opposition. Her solvency, her duty to the world to develop her vast open spaces, said Mr. Bruce, depended on widening and not contracting markets. From the Dominion came reports of outcry among wheat farmers against the prospect of curtailment of their acreage. The agreement that was initialled on the 25th August took account of Australia's attitude in confining restriction to exports, leaving the question of acreage limitation to individual Governments, and in insisting that, as

<sup>1</sup> Those mentioned were: Australia, Belgium, China, France, India, Japan, Mexico, Portugal, South Africa and the United Kingdom.

restriction achieved a rise of prices, importing countries must reduce their barriers against imports of wheat.

Argentina, Australia, Canada, and the United States agreed to adjust their exports of wheat during the crop year 1933-4 in accordance with the assumption that the world import demand for wheat would amount to 560,000,000 bushels. For 1934-5 they undertook to limit their exports to maximum figures 15 per cent. below their average exportable surpluses in 1931-3. The four Danubian exporting countries<sup>1</sup> agreed that their combined exports of wheat in 1933-4 should not exceed 50,000,000 bushels;<sup>2</sup> nor would that figure be exceeded in the following year. They recognized that this limitation barred any extension of the acreage sown to wheat. The U.S.S.R., while unable to give any undertaking with regard to the production of wheat, agreed to limit exports in 1933-4 to a figure to be agreed with the non-European exporting countries. Russian exports in 1934-5 would be the subject of further negotiations. The importing countries,<sup>3</sup> on the other hand, agreed (a) not to encourage any extension of the area sown to wheat, nor to take any governmental measures calculated to increase domestic wheat production; (b) to adopt every possible means of increasing wheat consumption and raising the quality of bread; (c) to lower customs duties on wheat when its price showed a substantial improvement—the standard figure being 12 gold francs per quintal (63.02 gold cents per bushel); (d) as a point of principle, likewise to relax the quantitative restrictions on the trade in wheat, beginning in 1934-5 if prices had taken a definite upward turn from the average of the first six months of 1933.<sup>4</sup> Finally, a Wheat Advisory Committee was to be set up, to watch over the implementing of the agreement.

The debates on the question of restriction did not clearly bring

<sup>1</sup> Bulgaria, Hungary, Rumania, and Yugoslavia.

<sup>2</sup> This maximum might be raised to 54,000,000 bushels if that proved necessary for moving the exportable surplus of the 1933 crop.

<sup>3</sup> The following signed the agreement: Austria, Belgium, Czechoslovakia, France, Germany, Greece, Irish Free State, Italy, Poland, Spain, Sweden, Switzerland, and the United Kingdom.

<sup>4</sup> The obligations of the importing countries were to be interpreted in the light of the following declaration:

'It is recognized that measures affecting the area of wheat grown and the degree of protection adopted are primarily dependent upon domestic conditions within each country, and that any change in these measures must often require the sanction of the legislature. The intention of this agreement is nevertheless that the importing countries will not take advantage of a voluntary reduction of exports on the part of the exporting countries, by developing their domestic policies in such a way as to frustrate the efforts which the exporting countries are making in the common interest to restore the price of wheat to a remunerative level.'



out the fundamental cleavage between inflationary and deflationary policies that divided the Conference and prevented it from adopting any coherent plan of economic reform. The distinction was more sharply drawn in the discussions that took place in the Monetary Commission. Mr. Chamberlain initiated a general debate by moving a resolution on the lines of his opening speech.<sup>1</sup> The most cordial support for a policy of raising prices by keeping money cheap came from the British Dominions, and from other primary producing countries. On the other hand, France and others claimed that, while cheap money was essential, the main obstacle to a rise of prices was the hoarding of capital, which only a restoration of confidence could undo. Without stable currency, said Monsieur Bonnet, there could be no lasting confidence. 'Who would be prepared to lend, with the fear of being repaid in depreciated currency always before his eyes?' This division of opinion was repeated in the discussion on international indebtedness. Mr. Chamberlain denied that, pending a general rise in world prices, there was any need for a permanent reorganization of either short-term or long-term debts. He was speaking to a Rumanian motion calling for governmental aid in the establishment of creditors' organizations, which should conclude agreements with the debtors for a reduction of their debts, 'based on the capacity of payment and transfer of the debtor countries, and having due regard to the fall in prices of their principal exports'. This approach to the problem found its most vigorous opponent in Sir Henry Strakosch (India), who declared that if the Conference called for a permanent reduction of debts it would be exposing belief in its own failure. The way to lighten debts without destroying credit was to raise prices. Eventually, a resolution on indebtedness was passed, laying down no principles that had not been generally acknowledged before,<sup>2</sup> but recommending the formation of national creditors' committees wherever they did not already exist.

Oddly, it was in the other Monetary Sub-Commission, which dealt with the working of the gold standard and the operations of central banks, that there was outwardly the greatest measure of agreement in the Conference. The sub-committee on 'permanent measures' passed not only the Pittman resolutions on the restoration of exchange stability,<sup>3</sup> but also a resolution on the operation of the gold standard admitting the undesirability of having gold coins or gold certificates in circulation, and suggesting that 25 per cent. was a sufficient

<sup>1</sup> See above, p. 50.

<sup>2</sup> See the *Survey for 1932*, Part I, section (iii).

<sup>3</sup> See above, p. 59.

minimum ratio for gold reserves.<sup>1</sup> Another resolution expressed the opinion that independent central banks should be created in such developed countries as were still without them. The sub-committee also adopted important resolutions on the principles of central banking policy, of which the following is a summary:

(1) The proper functioning of the gold standard requires the adoption by each central bank of a policy designed to maintain a fundamental equilibrium in the balance of payments.

(2) Gold movements of an apparently permanent character should normally not be prevented from making their influence felt both in the country losing gold and in the country receiving it.

(3) Central banks should maintain a free market for gold at publicly announced fixed buying and selling prices.

(4) Central banks should obtain from their markets the fullest possible information concerning the demands that might be made upon their reserves.

(5) Central banks should recognize that in addition to their national tasks they have also to fulfil a task of an international character. Their aim should be to co-ordinate the policies pursued in the various centres in order to contribute towards the satisfactory working of the international gold standard system. Moreover, with a view to smoothing out business fluctuations, they should try to adapt their measures of credit regulation to any tendency towards an undue change in the state of general business activity in the world at large.

(6) Central banks should consult together continuously both directly and through the Bank for International Settlements. The latter should continuously examine the principles of the working of the gold standard and study any modifications that experience might prove desirable.

<sup>1</sup> The full text of the resolution was as follows:

(i) That under modern conditions monetary gold is required not for internal circulation but as a reserve against central bank liabilities and primarily to meet external demands for payments caused by some disequilibrium on foreign account. It is consequently undesirable to put gold coins or gold certificates into internal circulation.

(ii) That, in order to improve the working of a future gold standard, great elasticity should be given to central bank legal cover provisions; for instance, in so far as the system of percentage gold cover is applied, a minimum ratio of not more than 25 per cent. should be considered sufficient; similar elasticity should be achieved by appropriate measures where other systems are applied. However, such changes must not be taken as an excuse for unduly building up a large superstructure of notes and credits; in other words, the effect of this resolution should be to increase the free reserve of central banks and thereby to strengthen their position.

The only dissentient voice was that of the United States, who thought that discussion of the question of central bank policy was premature. As regards the gold exchange standard, the sub-committee agreed that the Bank for International Settlements should as soon as possible organize a study of the question, examining how far the defects that the system had revealed in the past might be avoided.

More immediately practical results emerged from the discussion on silver. A series of resolutions introduced by Senator Pittman<sup>1</sup> proposed, first, that an agreement be sought between the chief silver-producing countries and those countries which were large holders or users of silver, with the purpose of limiting arbitrary sales on the world market. Second, all nations were to renounce the further debasement of their silver coinage, and to promise to increase the silver fineness of their subsidiary coins as soon as finances should permit. It was further suggested that central banks might agree to keep 80 per cent. of their metal cover in gold, and the remainder either in gold or in silver. These proposals, with the exception of the last, were accepted by the sub-commission, and in accordance with the first of them the United States, Mexico, Peru, Canada, and Australia provisionally agreed with India, China, and Spain upon certain measures designed to bring greater strength and stability to the silver market. Over the four-year period during which the agreement was to operate, the Indian Government would limit their sales of reserve silver to 140,000,000 ounces, while the five first-named Governments undertook to arrange for the withdrawal from the open market of a similar quantity of silver won from their mines. Spain agreed to limit sales to not more than 5,000,000 ounces annually, and China promised not to sell any silver from demonetized coins. Silver sold to cover War Debt transfers was excluded from these terms.

There remains to be recorded one other achievement of major importance, which, though likewise outside the scope of the Conference proper, was made possible by the assembly of the nations to discuss economic affairs. That was a joint declaration signed by the delegates of all the British countries there represented except the Irish Free State. They reiterated their faith in the value of the Ottawa agreements,<sup>2</sup> on the ground that these would not only facilitate the flow of goods between Empire countries, but would stimulate and increase the trade of the world. The policy of the British Commonwealth, they declared, had been directed to raising prices, at first

<sup>1</sup> But largely formulated and advocated by Sir George Schuster, the Finance Member of the Executive Council of the Viceroy of India.

<sup>2</sup> See the *Survey for 1932*, pp. 27-34.

in opposition to the fall in gold prices. During the past few months the persistent adherence of the United Kingdom to a policy of cheap and plentiful money had been increasingly effective, under the more favourable conditions created by the change in American policy and by the halt in the fall of gold prices. The signatories considered that the Governments of the Commonwealth should persist by all means in their power, whether monetary or economic, within the limits of sound finance, in the policy of furthering the rise in wholesale prices until equilibrium had been re-established, whereupon they should seek to stabilize the position thus attained. The ultimate aim of monetary policy should be the restoration of a satisfactory international gold standard, subject to international co-operation for avoiding undue fluctuations in the purchasing power of gold. In the meantime the signatories recognized the importance of stability of exchange rates between the countries of the Commonwealth, in the interests of trade. That objective would be constantly borne in mind in determining their monetary policies. Its achievement would be facilitated by the fact that the United Kingdom Government had no commitments to other countries regarding the future management of sterling. The adherence of non-British countries to a price-raising policy would make possible the maintenance of exchange stability over a still wider area. The signatory delegations agreed to recommend their Governments to consult with one another from time to time on monetary and economic policy, with a view to establishing their common purpose and to furthering such measures as might conduce towards its achievement.

The practical results of the Conference proper were thus negligible. Even the agreements on wheat and silver were initiated by self-constituted groups of interested countries, and were arranged for the most part in the course of private conversations. The Conference as a whole met only to inaugurate itself and to wind itself up. While the rather half-hearted debates were proceeding in committee, the attention of the delegates was distracted by the currency squabble, in which few of them had any part, and concerning the course of which most of them knew as little as any newspaper-reader. Many representatives of smaller states therefore returned home not only disillusioned but completely bewildered.

A note of profound disappointment naturally ran through the speeches made at the final plenary meeting. Some delegates, indeed, tried to put the best possible face on the matter. Mr. MacDonald laid emphasis on the fact that the Conference was but adjourning. Success had been delayed, but 'whoever takes the trouble to understand the

importance of the work which we have done, even when only a beginning has been made, must feel that his earlier hopes that important agreements would be come to have not been destroyed but have been only postponed'. During the adjournment, nations could proceed with their own efforts to raise prices. Committees set up by the Conference itself would consider the co-ordination of supply with demand in certain primary industries. 'The influence of a diplomatic hand' might be brought to bear upon the problems that had been exposed in the field of trade. But perhaps the most optimistic gloss was put on the situation by Mr. James Cox, the American President of the Monetary Commission. The Conference, he said, had produced some results which were distinctly worth while. First, they had all learnt the actual state of the world's economic and social life. Second, while nationalistic policies designed to promote social tranquillity were necessary for the time being, it was universally recognized that ultimate self-interest was best conserved by fostering the general interest. Third, there was less divergence of opinion on important issues than might have been expected. Fourth, they were agreed that 'not to go on applying the best endeavours of a concerted civilization would be the saddest reflection on Humanity in all history'. Unhappily, this list of achievements, it will be observed, was scarcely more substantial than Monsieur Masaryk's claim 'that the fact that we know where we stand can and should be of very great importance for the future shaping of the economic policies of the nations'; or Monsieur Bonnet's belief that frank co-operation would have enabled the nations to bring a more enlightened and more generous judgment to bear upon each other's difficulties. Signor Jung also stressed the prophylactic qualities of frankness, in which connexion he mentioned the deep impression he had received 'when the representatives of all the countries which had experienced inflation and currency devaluation rose one after another to declare that such experience had been so great a misfortune that it was inconceivable that their respective Governments could again deliberately impose it upon their peoples'.

Even those whose general tone was gloomier qualified their pessimism. Mr. Chamberlain acknowledged the general disappointment at having to record so little progress; but no one would undervalue what had actually been accomplished, especially the efforts towards regulation of production. The Dutch Prime Minister saw no reason for congratulating themselves on the results obtained, though he thought that there was more agreement on commercial policy than had hitherto been the case. Monsieur Colijn, however, undoubtedly

expressed a general anxiety when he warned the delegates that countries which, in anticipation of the World Economic Conference, had hesitated in choosing which way to turn in their economic relations with the rest of the world might now awake to a feeling of despair and go in for an exaggerated national economy, thereby arousing other countries to retaliation. Monsieur Maisky, the Soviet Ambassador to Great Britain, also spoke of 'that unrestricted economic nationalism' which threatened to break all bounds when the Conference dispersed, and which might easily become the forerunner of a new world war. He recalled his delegation's offer of a pact of economic non-aggression, for which, he said, the Conference might well have been expected to vote without reservation. However, with the exception of Turkey, Poland, and the Irish Free State, no one had supported the Soviet proposal. 'The whole work of the Conference', added Monsieur Maisky caustically, 'has been deeply penetrated by one fundamental mood, one aspiration: "adjournment"—to adjourn the adoption of any serious or binding decisions on those problems.'

Apart from the Soviet representative, who could criticize the efforts of capitalistic nations from a unique vantage point, few of the speakers attempted to lay bare the root causes of failure. Most were content to describe the course of events, notably the failure to secure exchange stability, without seeking deeper factors. If there was a general implication in these narratives, it was the proposition that, until national policies were more settled and less self-regarding, international effort was bound to be extremely difficult. This philosophy was hotly opposed by Mr. Cordell Hull. There was no logic in the theory, he protested, that domestic policies designed to restore an economic balance were irreconcilable with international co-operation. 'Each country should invoke every emergency method that would increase commodity prices, so that they (*sic*) may gradually be co-ordinated with international action for the common purpose of business recovery.'

Mr. Hull's colleague, Mr. Cox, did not take quite the same line. Nationalistic enterprises, and the impediment they might imply to the success of the Conference, must, he said, be regarded for a time with patient understanding. 'It is an unpleasant fact', he went on, 'that domestic preoccupation interferes with, or rather postpones, the work of an international conference.' Nevertheless, when internal industrial prosperity had been restored, international trade would be resumed and stimulated. Dr. Schacht, the President of the Reichsbank, stressed the same point even more emphatically. 'So long', he

said, 'as the individual nations have not themselves restored a certain economic equilibrium, the success of another world economic conference will remain doubtful. International co-operation cannot become a practical reality unless countries stop relying upon the help of others and start to do their utmost to master the economic crisis by their own endeavours.' The fact that Dr. Schacht and Mr. Cox had profoundly different notions about what those endeavours should be did not alter the similarity of their diagnosis in their attempts to account for the Conference's early failure.

Were they right, or was the popular presumption sound, that the Conference failed simply because agreement could not be secured upon currency stability, which was widely regarded, rightly or wrongly, as one of the conditions of advance in other directions? By world public opinion, certainly, the United States was made the scapegoat, and not without reason. The nimble inconsistency of her publicly declared policy is easily proved. On the 16th May, in an open message to the other participating states, Mr. Roosevelt placed the stabilization of currencies first among the objects of the Conference. On the 3rd July he rejected a declaration on currency stability (drawn up with the assistance of his own emissaries, and based on a resolution introduced by a member of the American delegation); and in so doing he denounced the efforts to 'divert' the Conference 'from its larger purposes' to 'temporary exchange fixing'. In judging this turning of the presidential coat a European observer must not think in terms of European conditions, but must remember that in this age a President of the United States might attain his tremendously powerful office without ever having held a post of national responsibility before. Mr. Roosevelt, indeed, was well trained in public affairs; but the administration even of a state the size of England involved no concern with such questions as external trade or monetary standards. He arrived in office, therefore, with no experience and presumably with no settled body of principles for dealing with these matters. Small wonder that he tended to follow the finger of changing circumstance, privy counsel, and popular emotion. To these guides he added his own rooted opinions, which included—for no light reasons in that period of American financial history—a vigorous dislike of bankers and monetary magnates. He suspected the policies that they urged, and he would not choose his economic advisers from among them. The natural radicalism of his mind caused him to listen more readily to those who taught that a cheaper dollar must mean higher internal prices, and who whispered that plans for stabilization were only a European gambit to secure American gold,

than to those who praised the economic security of stable exchanges and appealed to the more old-fashioned principles of economics.

However, it profits little to investigate the reasons for presidential policy. The important fact is that it changed, and that the change was the immediate cause of the break-up of the Conference. Yet the inquiry cannot end there. In its amended form, American policy on the exchange issue was far from unjustifiable. It differed in no essential particular from that to which Great Britain had publicly adhered for nearly two years. It was no more stubborn, or more ruinous to the cause of international economic co-operation, than the opposite doctrine maintained by France and other gold standard countries.<sup>1</sup> Even if some compromise had averted the clash between these opposing views on currency stabilization, there is no convincing evidence that the Conference would have achieved any substantial success. In the field of tariff reduction, multilateral schemes were all rejected; and bilateral negotiations (which were the British specific) scarcely needed a conference of sixty-four nations for their promotion. In the field of currency and credit, Italy, for one, set her face firmly against the inflationary gist of British and American policy. International public works received their quietus from the President of the United Kingdom Board of Trade. The abolition of quotas, prohibitions, subsidies, marks of origin, and other non-tariff hindrances to trade was prevented by the insistence of the different countries upon reserving just those instruments which suited their own commercial policies. What scope for agreement was left save that which was actually filled? If we fix our eyes on the stabilization controversy, we are bound to conclude that the Conference was held a little too early; for the United States had not yet reached the point of internal recovery at which stabilization might have been practical politics. Yet if it had been held, say, a year later, when the United States had independently returned to the gold standard, would it have had a much better chance of success in reducing tariffs and stimulating

<sup>1</sup> On the 18th June, in Paris, Monsieur Daladier gave the following description of the French attitude at the Conference. 'The economic problems can only be solved if currencies are first stabilized and a return has been made to the gold standard. This preliminary condition is indispensable, as, without it, any economic measures that may be proposed would be absolutely useless. Moreover, . . . the automatic lapse of quotas and customs tariffs cannot even be contemplated until the various forms of production have been organized on a rational basis, beginning with the primary products of agriculture, such as wheat, wine and timber. Exporting countries would do well to regulate their output in such a manner as to decrease their exports. In exchange for these sacrifices they should be able to obtain compensation in the form of commercial agreements based on quotas, a method to which several delegations have agreed in principle.'



trade? Economic nationalism had bitten too deep into the minds and purposes of the peoples of the world for it to be cast out until there had been some mitigation of its causes—political antagonisms, uneconomic international debt, local unemployment, the general difficulties of industry—which were themselves, in turn, largely the product of economic nationalism.

(e) WAR DEBTS

In January 1933 His Majesty's Government accepted the invitation proffered by Mr. Stimson, the American Secretary of State, 'to send a representative or representatives to Washington as soon as possible after the 4th March to discuss the American debt question', and to exchange views with the incoming President on other world economic problems. The banking crisis in the United States, and her subsequent abandonment of gold, brought different issues to the front when Mr. MacDonald paid his visit to Mr. Roosevelt in April, but the British delegation were nevertheless determined that War Debts should be amply discussed. On the 25th April the following joint statement was issued by the President and the Prime Minister:

During the day the Prime Minister and the President have discussed the problems of the debt of the British Government to the United States Government. Both have faced the realities and the obligations, and both believe that as a result there is laid the basis of a clearer understanding of the situation affecting the two nations. It would be wholly misleading to intimate that any plan or any settlement is under way. It is the simple truth that, thus far, only preliminary explorations of many different routes have commenced. The point to be emphasized is that with the most friendly spirit progress is being made. After the Prime Minister's departure these conversations can well continue in London and Washington.

When Mr. MacDonald left Washington the following day, Sir Frederick Leith-Ross stayed behind to discuss the War Debt problem. No announcement was made about the outcome of these negotiations, but it was widely hoped that as a result Mr. Roosevelt would recommend to Congress a measure of at least temporary relief, pending a comprehensive settlement. No such move, however, was made, and on the 9th June the Secretary of the Treasury notified the British Ambassador that an instalment was due six days later. The reply of His Majesty's Government took the form of a long note,<sup>1</sup> dated the 13th June, in which they recalled the attitude that they

<sup>1</sup> The correspondence was published as the British White Paper, *Cmd. 4353* of 1933.

had adopted in the previous December and cited reasons for concluding that

payment of the June instalment could not be made at this juncture without gravely imperilling the success of the [World Economic] Conference and involving widespread political consequences of the most serious character. In their view the instalment should be considered and discussed as part of the general subject of War Debts, upon which they are anxious to resume conversations as soon as they can be arranged.

The Government's principal argument was that the treatment of War Debts must closely affect the problems before the World Economic Conference, because the debts could not be separated from the complex of influences that had brought about the economic depression. The success of the Lausanne Conference, for instance, had initiated a general rise of commodity prices, whereas the disappointment of the prospects of a final War Debt settlement, and the payment of the December instalment, had brought about a contrary movement, which was felt just as much in America as in Europe. In order that the main issue should not be prejudiced, the Government proposed to make an immediate payment of \$10,000,000, as an acknowledgement of the debt pending a final settlement.

To this proposal the United States Government returned a favourable reply. 'It seems the part of fairness and wisdom', wrote the President in an explanatory statement for the American public, 'to postpone formal representations on the debt subject' until after the World Economic Conference. In view of the fact that the British Government's offer had been accompanied by a clear acknowledgment of the debt itself, he had no personal hesitation in saying that he did not characterize the resultant situation as a default. Beyond this the law and the Constitution did not permit him to go; for Congress alone had the right to alter the amount and method of payment of the debt. Nevertheless, he could entertain representations on the subject by the British Government, and in response to their request he had suggested that such representations be made in Washington as soon as convenient.

The United States Government having intimated that in accordance with permissive legislation passed by Congress silver would be acceptable in payment of the 'token' instalment, at 50 cents an ounce, Great Britain duly delivered 20,000,000 ounces of silver purchased at market price (about 1s. 8d.) from the Government of India. Czechoslovakia, Italy, Lithuania and Rumania used a like method of making

token payments. Latvia also paid a small sum, not in silver. Of all the debtors, Finland alone paid in full (in silver), France and the remainder defaulting entirely. The French Government, in making known their intention to defer payment of the June instalment, declared, however, that 'there was no thought of the unilateral breaking of engagements freely assumed'.

In October 1933 Sir Frederick Leith-Ross went with other experts to Washington to discuss the War Debt problem once again, but although the conversations were prolonged for more than a month no agreement was reached. The reason for this failure was not merely the obstinacy of either party in maintaining a thesis incompatible with the principles adopted by the other party. The United States Government rightly pointed out that it was foolish to try and assess economic possibilities on the evidence of prevailing conditions, which no one expected to endure. Moreover, the uncertainty regarding the future of the currency ratios hampered the achievement of a definitive settlement; for, whereas the United States Government naturally intended the debt to be fixed in dollars, the value of the dollar might later vary widely in terms of sterling or of gold, and this would clearly alter the burden falling on the debtors. The question of currency stabilization was brought into the Washington discussions at one stage; but neither Great Britain nor the United States was really prepared at that period to commit itself to such a course.

When it became plain at last that the negotiations must prove abortive, the mission returned home and the British Ambassador at Washington addressed to the Secretary of State a note,<sup>1</sup> offering on behalf of His Majesty's Government a further token payment in place of the instalment due on the 15th December. As the President no longer had power to accept silver at 50 cents an ounce, they proposed to make a payment of \$7,500,000 in United States currency. The American Government replied that they

shared the disappointment of His Britannic Majesty's Government that the recent conversations did not result in a concurrence of views and thus made an adjournment advisable pending a further clarification of the several factors, including the present unsettled economic and financial situations.

Officially, they simply took note of the British Government's intention to pay \$7,500,000, but in a statement issued by the President on the following day (the 7th November) he again expressed his opinion that Great Britain should not be regarded as in default. The conversations just concluded, he observed, had in no sense prejudiced

<sup>1</sup> These documents were issued as a White Paper, *Cmd. 4448* of 1933.

the position that either Government had taken in the past or might take in any subsequent discussions of the debt question.

With the exception of Rumania, from whom no instalment was due, the same countries made token payments in December as had made them in June, and Finland again paid in full.

### (f) AMERICAN GOLD POLICY

However commendable it may have been as a measure of social reform, as an instrument of business revival the National Industrial Recovery Act cannot be counted an unqualified success. Its initial effect was to raise costs, on the theory that purchasing power would be correspondingly augmented. That theory would work satisfactorily only if three conditions were fulfilled: if adequate credit was forthcoming from the banks during the interval between the raising of costs and the emergence of new purchasing power; if the increase in pay-rolls was not absorbed in the repayment of debt by the work-people; and if the public and the business community so counted upon the success of the Act that they would forthwith accelerate their expenditure, in anticipation of rising demand and higher prices. Actually, there were complaints that the banks were stinting the necessary credits, an allegation that cannot be sufficiently verified or refuted. More certainly, a considerable part of the added purchasing power was lost or delayed through the repayment of debts, especially of overdue instalments on hire-purchases. Still more important, not only was the stimulative intention of the Act partially foiled by an expansion of industrial activity beforehand, followed by contraction when the codes went into operation; but the psychological effect was also seriously damped by the troubles in which the administration of the Act became involved. There is no need to recount them in detail here, but mention may be made of the bitter strikes in the bituminous coalfields over the company union issue, and Mr. Ford's successful campaign against the application of trade-union principles to the motor industry.

Industrial production in the United States reached a peak in July, at a level<sup>1</sup> equal to the average of 1923-5. Manufacturing production actually rose above that base average, but mineral output held the total index down. Among the industries reporting activity above the mean for all groups were textiles, paper and printing (except newsprint), boots and shoes, petroleum, cigarettes and tyres; while below the average were automobiles, pig iron, lumber, cement,

<sup>1</sup> All indices are adjusted where necessary for seasonal variation.

coke, coal, iron ore and other mineral production. The division is significant, as it plainly shows the comparative slowness of revival in the capital goods industries. The monthly total of constructional contracts awarded was still far below the level even of 1932. By October, industrial production had fallen back to 77 per cent. of the 1923-5 average, and the index of commodity prices, which had risen from 60 in April to 69 in July, stood no higher than 71 three months later. The prices of farm products had actually fallen by  $7\frac{1}{2}$  per cent. of their July figure. A somewhat better balance, however, had been achieved between the different branches of industry. While the same groups as before remained above the average, the margin between consumption goods industries and capital goods industries had sensibly narrowed. The total of constructional contracts awarded rose from \$82,700,000 in July to \$145,400,000 in October—public works and public utilities being wholly responsible for the rise. Moreover, thanks to the spreading of work enforced by the N.R.A., factory employment did not fall in accordance with the drop in industrial production. On the contrary, the unadjusted index for October, at 76, was 7 points above the July level, and the total of factory pay-rolls had risen by a similar margin to 57 per cent. of the 1923-5 average.

The reaction from the minor inflation of the summer, the slowing down of industrial recovery, and most especially the continued low prices for agricultural products naturally excited fresh discontent. Its most troublesome expression was the farmers' strike movement, a rather incoherent demonstration against low prices and high mortgages. The farmers, divided on detailed policy, demanded one common specific—inflation. Congress itself was returning to the inflationary mood of the days when it was debating the Farm Bill. Bankers and industrialists, on the other hand, demanded a period of stability and security in which 'natural' recovery could proceed without interference from the Government. These political forces must not be forgotten in a judgment of the President's later monetary policy. The idea of a 'managed currency' and a 'commodity dollar', however crudely put into practice, was a middle path between the greenback inflationism of the West and the economic conservatism of the East.

The burden of Mr. Roosevelt's broadcast speech on the 22nd October, delivered at the height of the farmers' strike, was the need for raising prices. 'If we cannot do it one way', he said, 'we will do it another. Do it we will.' The way they would pursue for the moment was to 'control the gold value of the dollar at home', out of

range of 'the accidents of international trade, the internal policies of other nations, and political disturbance in other continents'. The Reconstruction Finance Corporation would be authorized to buy gold newly mined in the United States, and also, wherever necessary to the end in view, gold on the world markets, at prices to be determined from time to time after consultation with the Secretary of the Treasury and the President. This was not an expedient, added Mr. Roosevelt, but a policy, designed to 'establish and maintain a dollar which will not change its purchasing power during the succeeding generation'.

The new gold policy thus had a double purpose. It was one thing to place the purchasing power of the dollar out of range of international accidents; it was quite another to attempt, by manipulating the dollar's gold value, to control its internal purchasing power, that is to say the level of prices in the United States. Within limits, certainly, a free exchange rate would represent the ratio between the price level at home and price levels abroad (the 'purchasing power parity' theory). Hence it might have been deduced that by depressing the exchange rate—that is, by raising the price of gold—home prices would be correspondingly raised. But obviously this would be true only if foreign prices remained stationary. Moreover, the purchasing power parity theory essentially applied to a free exchange; it did not rule out the possibility that the exchanges might be artificially pegged at a level different from the 'natural' parity.

Nevertheless, unless and until external prices fell as far as the gold value of the dollar, a rise of certain American prices was to be expected from a deliberate increase in the price of gold. Imported commodities would command a higher price; so would home-produced goods whose price was fixed on a world market (provided the dominating source of supply was not the United States itself). But it was also certain that, in the absence of internal inflationary forces, the rise of American prices would not be so rapid or so widespread as to counteract completely the fall in the exchange value of the dollar. Hence imports would be somewhat checked and exports stimulated, and gold would tend to flow in. It could also be foreseen that, if the buying price of gold were progressively raised, speculators would sell dollars in the hope of buying at cheaper rates later; the resultant depreciation of the dollar would outrun the officially engineered depreciation, as expressed in the price for gold.

These theoretical expectations were by no means falsified by events. The price announced for purchases of gold by the Reconstruction Finance Corporation, on the 25th October, was \$31.36 per

fine ounce, \$1.50 more than the market price<sup>1</sup> on the previous day. At first, however, purchases were confined to newly mined American gold, so that the exchange position was not directly affected. The picture changed when, on the 29th October, the American Government announced their intention of buying foreign gold. The price then fixed was \$31.96, equivalent to a sterling price of 133s. 5d. per ounce, which was 1s. 9d. above the contemporary London quotation. The rate of exchange on London promptly moved from \$4.70 to \$4.78½.<sup>2</sup> Though the R.F.C. buying price was raised daily by small steps, comparatively little foreign gold was bought, for two connected reasons. First, the market was not an open one, there being no undertaking that the Corporation would buy any gold at all; hence arbitrage operations were out of the question. Second, after an initial period of hesitation, short-term funds moved out of the United States in the expectation of further advances in the gold price, and the exchange value of the dollar was thus driven down faster than the gold price was raised. On the 6th November a milestone of monetary history was passed when the pound appreciated against the dollar beyond its former parity of \$4.86½. The extreme rate on that day was substantially higher than any that had been recorded since August 1914. The gold price had by then been raised to \$32.84. At this figure, a brief halt was called in the raising of the price, and there were rumours of impending stabilization.

Two days later, however, the price was advanced again, and the dollar continued its downward course. The Bank of France began to suffer a considerable loss of gold, not directly to the United States, for the most part, but to London and other centres, to be held in anticipation of a further improvement in the price of gold. The result was a depreciation of the pound against the franc, though it always lagged behind the fall of the dollar. Since too cheap a dollar in terms of sterling would be very damaging to British trade, rumours spread that the Exchange Equalization Account was being used to hold the pound down; but its operations cannot in any case have been extensive, in view of the almost certain loss that such a policy would involve. The Chancellor of the Exchequer stated on the 9th November, in answer to suggestions that the pound was being tied to the dollar, that the general policy of the Government was to maintain the independence of sterling.

<sup>1</sup> On the 29th August, the President had authorized the Treasury to receive on consignment for sale gold newly mined in the United States, thus enabling American mines to take advantage of the world price, as expressed in dollars. Thenceforward the market price for gold in the United States was based on the dollar-franc exchange. <sup>2</sup> Mean prices on the 28th and 30th October.

On the 15th November the dollar fell to a low record of \$5.50 to the pound, largely by reason of speculative movements. At that point, however, many bears of the dollar began to liquidate their commitments, believing that in future the depreciation against gold would not be so spiritedly pursued. At a level of \$33.56 per ounce, in fact, the authorities had paused for a moment in their policy of pushing up the gold price. The exchanges consequently reacted sharply in America's favour. Meanwhile, several untoward events had occurred in the United States itself. The first effects of the gold-buying policy were quite satisfactory to the Administration. Commodity and stock markets were optimistic, the prices of primary products rose, and the farmers' strike petered out. Later developments, however, were more disconcerting. The rise of prices, even of those commodities which were most favoured by speculators, did not keep pace with the depreciation of the dollar. Wide schism appeared among the President's own advisers. Interests adverse to the Administration put it about that Mr. Woodin, the Secretary of the Treasury, opposed the new monetary policy, and they hailed his retirement on leave without pay, on the 15th November, as evidence of dissent. He himself, on the contrary, asseverated his support for the President's policies, and his poor health was sufficient explanation of his retirement, which not long afterwards became permanent. More significant was the jettisoning of Mr. Dean Acheson, the Under-Secretary of the Treasury, who was generally described as a 'sound money man'. On the 21st November, Dr. Sprague, formerly economic adviser to the Bank of England, from which post he had been summoned by Mr. Roosevelt to become special assistant to the Treasury, announced his resignation as a protest against the monetary policies being pursued. The vast governmental expenditures, he said, threatened uncontrolled currency inflation. The mere external depreciation of the currency would not bring about a speedy general rise of prices, which could only result from an increased demand for materials and labour. This protest was met by vehement retorts from Mr. Woodin, Professor Rogers; Professor Irving Fisher and others.

Whereas, during the period when capital was flowing out of the United States on a large scale in order to profit by the depreciation of the dollar, the exchanges moved faster than the official price of gold, after the reaction in mid-November the position was reversed. The market value of the dollar in London was sometimes 30 cents in the pound higher than the current gold parity. Changes in the gold price, indeed, almost ceased to affect either the exchanges or the commodity and stock markets. These anomalies, of course, could



not have occurred had the Reconstruction Finance Corporation offered an open market for gold, or had its purchases of foreign gold been on a sufficient scale to keep the exchanges in check. On the 8th January the Chairman of the Corporation announced that gold purchases on behalf of the Government had totalled about \$20,000,000 of domestic gold, and \$55,000,000 of foreign gold. Purchases were then accelerated, no doubt in order to resume control over the exchanges, and during the remaining week in which the R.F.C. remained the agent for American official gold buying it acquired a further \$50,000,000 or so abroad.

The next phase began with rumours, which grew loud at the turn of the year, to the effect that a free gold market would be established at a high price in dollars. In a message to Congress on the 15th January, the President asked for legislation to vest in the Federal Treasurer the title of all monetary gold in the United States. It would be taken over at the former parity, so that the book profits arising from revaluation at a higher rate would accrue to the Treasury. The President asked Congress to set an upper limit of 60 cents gold for the new value of the dollar, which he already possessed authority to reduce to a lower limit of 50 cents. Because of 'world uncertainties', he thought it undesirable to fix a precise value at that time, but he believed that revaluation above 60 cents would not be in the public interest. Powers were requested for the Secretary of the Treasury to deal in other currencies in order to 'bring some greater degree of stability to the foreign exchanges'. To this end, the President proposed that 'out of the profits of any devaluation there should be set up a fund of \$2,000,000,000 for such purchases and sales of gold, foreign exchange and government securities as regulation of the currency, maintenance of the credit of the Government and the general welfare of the United States may require'. The establishment of this fund was widely regarded in the United States as a retort to the British Exchange Equalization Account, which, it was believed, was being used to hold down the pound to an artificial level.

On the same day Mr. Morgenthau, who had succeeded Mr. Woodin as Secretary of the Treasury, announced that until further notice the domestic price for gold would be \$34.45 per fine ounce, equivalent to a 60 cent dollar. American prices generally underwent a sharp speculative advance. The immediate effects of the new decision on the exchanges, however, were the reverse of what might have been expected. The dollar appreciated. On the basis of a dollar at 60 cents gold, the London-New York rate should have been about \$5.23 on

the 16th January, whereas actually it moved from \$5.15 to \$5.08½. On the following day the rate touched \$4.95. There was no apparent explanation of this movement save a return of funds to the United States, induced by belief that the enforced depreciation had come to an end, that 60 cents rather than 50 cents was the mark aimed at by the Administration, and that the early establishment of an unlimited market for gold at \$34.45 an ounce was most unlikely. It was significant, however, that the franc appreciated against the pound, indicating that London money was being invested in currencies with which gold could be freely obtained, in the hope of profitable resale to the United States. The strength of the dollar was obviously displeasing to the Administration, who took steps to undo it by buying gold. In the week ended the 22nd January, approximately £5,000,000 of gold was bought in London.

The Gold Bill, ending the circulation of gold coins and gold certificates in the United States, vesting all monetary gold in the Treasury, and setting up the \$2,000,000,000 stabilization fund, passed both Houses of Congress by substantial majorities, and received the President's signature on the 30th January. The only real embarrassment for the Administration was an attempt to pass an amendment requiring the Secretary of the Treasury to buy silver until the price had reached a ratio of 1 to 16 to that of gold; the amendment was defeated in the Senate by no more than 45 votes to 43. On the 31st January Mr. Roosevelt issued an announcement fixing the gold content of the dollar at  $15\frac{5}{21}$  grains, 9/10ths fine, equivalent to 59.06 cents at the old parity, and to \$35 an ounce for gold. The book profit on the gold reserves was \$2,805,512,060. This revaluation was performed, declared the President, 'in order to stabilize domestic prices and protect foreign commerce against the adverse effect of depreciated foreign currencies', and also because the emergency required an expansion of credit.

The United States was thus placed on a gold bullion standard similar to that which had been maintained in England from 1926 to 1931. But although the President had announced that the Treasury would buy any and all gold delivered in New York or Seattle at \$35 per fine ounce (less charges for minting and handling), and Mr. Morgenthau had added that gold would be sold for export to central banks when exchange rates reached the gold export point, the financial markets of the World did not immediately realize that the United States was back on the gold standard. There was, in fact, this important difference. No guarantee of any kind was given that the rate of conversion between dollars and gold would not be altered

without notice in order to serve internal policies. On the contrary, the presidential proclamation had expressly reserved the right of alteration or modification 'as the interest of the United States might seem to require'.

The opening of a free and unlimited market for gold in the United States drew heavy shipments of gold from Europe and elsewhere. The short-run and the long-run causes of this movement must be distinguished. The most compelling short-term force was the return of capital to the United States. The amount of funds that had fled from the dollar during the previous twelve months cannot be precisely determined, but it certainly amounted to several hundred million dollars,<sup>1</sup> and many exporters of capital only awaited the signal of devaluation to take their profits on re-import. The reduction of the New York Federal Reserve bank rate from 2 to 1½ per cent. on the 31st January would in ordinary times have checked the flow of capital, but on this occasion the tide was far too full to be thus stayed. The return of American money was reinforced by a considerable flow of European capital to Wall Street, bent on taking advantage of the speculative opportunities opened up by the new policy.

The principal long-term force at work was the fact that the dollar, at 59 per cent. of its former exchange parity with gold currencies, was unquestionably under-valued. On the basis of American prices it was worth a great deal more. Between the beginning of April 1933 and the initiation of the gold-buying policy, commodity prices in the United States rose by 17 per cent. At the end of January 1934 another 3 per cent. rise had been added. On the generous assumption that the dollar had been 10 per cent. over-valued before the United States went off the gold standard, it was worth in January, on the basis of purchasing power, not 59 per cent. but 75 per cent. of its former parity. The natural effect of an under-valued currency would be, of course, to create a favourable balance of trade and services, which could be liquidated only in gold.

The combination of these short-run and long-run forces kept the exchange value of the dollar well above its new gold parity, so that arbitrage transactions in gold became extremely profitable. There began a commerce in precious metal that did no credit, in the eyes of

<sup>1</sup> The credit balance of trade of the United States in 1933 was \$226,000,000. To this must be added War Debt payments and earnings on other investments abroad, to a total of \$387,000,000, offset by a debit balance of \$420,000,000 for services. Further, she exported \$232,000,000 of gold and \$137,000,000 of bonds resold to foreigners. This gave her a total net credit of \$562,000,000, of which only \$90,000,000 was liquidated by the return of United States currency. (Provisional figures.)

the general public, either to the gold standard itself or to those in America who had adopted it on such arbitrary terms. Every westward-bound Atlantic steamer sailed with its strong-room crammed with bullion. Specially chartered aeroplanes flew across the Channel from Paris and Amsterdam with gold for shipment from Southampton or Plymouth. Within a fortnight £45,000,000 of gold had been despatched from Europe and India for sale to the United States Treasury.<sup>1</sup> By the end of February the dollar had fallen to approximately its gold import point; further depreciation seemed unlikely in view of the continued return of capital and the commercial under-valuation of the dollar.

It was openly hinted by Mr. Morgenthau himself that one of the main purposes of the \$2,000,000,000 stabilization fund was to combat the British authorities in their supposed use of the Exchange Equalization Account to keep the pound under-valued. If, however, that were indeed the policy of the British authorities (an allegation that was flatly denied), no better plan could have been devised for furthering it than the American return to gold at an artificially low rate of exchange. The profit obtainable on the sale of gold to New York caused money to flow from the pound into the franc and other currencies with which gold could be freely bought at mint rates. Hence the pound depreciated against the franc and the price of gold in London rose sharply. This movement was checked but not reversed by the fears concerning the future of the franc that were raised by the Paris rioting on the 6th and 7th February, 1934. A frantic boom in gold shares in London and Johannesburg was the natural consequence. At the end of three weeks the dollar had fallen by 4 per cent. against gold currencies and by 2 per cent. against sterling; while sterling had depreciated by  $2\frac{1}{2}$  per cent. against the franc, and the London price of gold had risen by a similar proportion.

Thereafter, financial and commercial markets settled down calmly enough to the new régime of an under-valued dollar. The inevitable failure of American prices as a whole to rise as fast as the dollar had depreciated threatened the World with further deflation; for American competition would be enhanced in outside markets, while a fresh barrier had been erected against imports into the United States. Gold prices of commodities in fact fell by about  $1\frac{1}{2}$  per cent. during the subsequent two months. There were, however, some compensating forces. The NRA codes had raised industrial costs in the

<sup>1</sup> Between the 1st February and the 9th March, purchases of gold by the Treasury totalled \$593,000,000, mostly from abroad, but including also newly mined American gold.

United States, and the inflation that was in prospect would presumably raise them further. Even more important over a short period was the fact that a great part both of America's exports and of her imports were virtually non-competitive. A detailed classification of United States exports to Canada, for instance, showed that considerably less than one-third of them entered into direct price competition with goods from other countries. Moreover, if the Administration's policy were eventually successful in restoring the volume of production in the United States, other countries could not fail to benefit, since the American market for industrial raw materials, and to a less degree for manufactured goods, was one of the principal determinants of world prosperity.

#### (g) GERMANY'S FOREIGN DEBT

The decision of the German financial authorities (among whom Dr. Schacht, the President of the Reichsbank, was reputed to possess unassailable influence over Herr Hitler in all that concerned finance) to declare a partial moratorium on debt payments abroad was briefly recorded in the last volume of this *Survey*.<sup>1</sup> The decision was announced on the 8th June, 1933, but transfer was to be restricted only from the 1st July. In spite of the suspension of Reparation payments under the Lausanne Agreement, Germany's credit balance of trade in goods and services remained barely adequate to meet her financial obligations; in the first six months of 1933 the gold and foreign exchange reserves of the Reichsbank fell from Rm. 920,000,000 to Rm. 274,000,000. A large part of the reduction was due to the repayment of the Reichsbank's international rediscount credits. These difficult circumstances were acknowledged by the representatives of the creditors, who met Dr. Schacht in London and Berlin at the end of June to discuss the conditions of the moratorium. As a result of those discussions, the following terms were announced, to take effect from the 1st July:

(1) The interest and amortization on the Dawes Loan, and the interest on the Young Loan, would be transferred in full.

(2) Amortization payments on the Young and other loans would not be transferred.

(3) Half, but at most at the rate of 4 per cent. annually, of all coupon and other revenue payments falling due would be transferred.

(4) For untransferred revenue payments, the creditors would receive negotiable bonds of the Konversionskasse.

<sup>1</sup> See the *Survey for 1932*, p. 48.

(5) Mark payments for amortization would be booked to the credit of the payee at the Konversionskasse.

Though this was not stipulated in the agreement, the 50 per cent. of the interest that was transferred did not comprise the whole cash payment receivable by the creditors. The scrip delivered in lieu of the remainder was accepted by the Golddiskontbank at one-half of its face value, converted into foreign currencies. Thus the creditor who took advantage of this offer obtained in practice 75 per cent. of his interest. The Reichsbank, having received the full amount of interest in reichsmarks from the debtor, secured a considerable exchange profit, out of which 'additional' exports were ingeniously financed. The exporter had first to prove that at the official rates of exchange he would be undercut by a foreign competitor at the lowest price that his costs allowed. Thereupon he was financed with reichsmarks derived from the Konversionskasse scrip, the Golddiskontbank bearing the nominal loss on exchange. This device had exactly the same effect, as far as such 'additional' exports were concerned, as a depreciation of the reichsmark would have had, but the consequences for the creditors were of course quite different.

The system of financing exports with scrip purchased at a discount, though it may well have been regretted by Germany's trade competitors, was not generally resisted by the creditors until it gave rise to discrimination among them. By reason of the special facilities allowed to German trade by Switzerland and the Netherlands, creditors in those countries were able to obtain the full face value of their scrip. Their Governments met the creditors' claims out of the money paid by importers into the clearing houses that had been established for trade with Germany, and forwarded the interest coupons to the German Government; the latter in turn remunerated the German exporters. When, on the 14th November, 1933, the Reichsbank summoned a conference with representatives of the creditors to consider the future terms of the transfer moratorium, the question of discrimination came instantly to the fore.

The conference opened on the 5th December, and closed two days later without reaching any agreement. The creditors had strongly expressed the view that transfer should continue at rates not less favourable than those actually in force. They based their claim on the fact that since the end of June, thanks to a rising surplus on Germany's external balance of trade, the reserves of the Reichsbank had risen from Rm. 274,000,000 to Rm. 408,000,000. On the 18th December, however, Dr. Schacht announced that in future only 30 per cent. of the interest due would be paid in cash. On the assumption that scrip

would continue to fetch 50 per cent. of its nominal face value, this would give the creditors 65 per cent. of their interest in cash, instead of 75 per cent. Dr. Schacht claimed that the increase in the Reichsbank's reserves was illusory, the greater part having been due to the operation of the law against the holding of illicit balances abroad. About Rm. 74,000,000 monthly was required for the full debt service, whereas the export surplus from July to November had averaged only Rm. 65,000,000, of which a substantial part had been paid in the form of blocked marks, registered marks, and German bonds. Dr. Schacht's hand had been strengthened, on the eve of his announcement, by the publication of the November trade figures, which showed an export surplus of only Rm. 44,000,000, compared with Rm. 98,000,000 in October.

The decision to reduce cash transfers immediately aroused vigorous protests from the creditors, who pointed out that, whatever Dr. Schacht's calculations might show, Germany had found sufficient resources to buy up a large quantity of her own foreign bonds. Such transactions were highly profitable to her, the bonds having fallen to a big discount, largely as a result of her own actions. The committee of British long-term and medium-term creditors of Germany sent a strong protest to Dr. Schacht against the procedure of inviting the creditors to Berlin and then ignoring their views and arguments. The American creditors composed a similar denunciation. The British Government themselves made diplomatic representations, on the 2nd December and 3rd January, mentioning not only the reduction of transfers but also the discrimination in favour of Swiss and Dutch creditors, and the use of scrip to subsidize exports. The protest was accompanied by the warning that Great Britain might find it necessary, in default of a settlement, to institute a clearing system for her trade with Germany. The United States made similar official representations, but could utter no similar warning, because the balance of her trade with Germany was very much in her own favour. Between Germany and the United Kingdom, on the other hand, there was a balance of some £5,000,000 annually in Germany's favour—nearly £11,000,000 after omitting re-exports and allowing for invisible items; whereas the total annual service of German debts to British creditors was no more than £7,500,000. It was obvious, however, that a clearing system, especially one imposed unilaterally in an attempt to recover debt by distraining on commerce, might gravely diminish the volume of trade passing.

In fulfilment of his promise (given at the meeting of the 5th–7th December) that separate national agreements would not be concluded

with the creditors without consulting them all, Dr. Schacht invited the long- and medium-term creditors to meet him again on the 22nd January, 1934. The Swiss and Dutch Governments, he said, had again requested the conclusion of separate agreements. At the instance of the creditors, the conference was postponed to the 25th January, and when it met it was attended by a much more cordial spirit than had marked the previous discussions. The primary issue before it was that of discriminatory agreements, but the creditors were clearly not prepared to let pass an opportunity of expressing their views on the scale of transfers. Indeed, the two issues were directly connected. Nor were the creditors' representations in vain. Agreement in principle, to be ratified in detail after later discussion, was reached on the 31st January to the effect that as from the 1st July, 1934, the discriminatory agreements with Switzerland and the Netherlands were to end, and all creditors were to be treated alike. In compensation for accepting differential treatment for six months, the other creditors would be able to encash their scrip with the Golddiskontbank at 67 per cent. of its face value, and would thus obtain approximately 77 per cent. of their interest in cash.

The conference on long-term debt was followed by a conference between debtors and creditors under the Standstill Agreement. They had already met during the previous July, when the restrictions were first imposed on the transfer of long-term debt service, and the creditors had then recognized that certain guaranteed repayments could no longer be transferred. A further cut in interest rates was also agreed upon. At the conference of January 1934, the terms of the agreement concluded in February 1933<sup>1</sup> were renewed for a further year, to the 28th February, 1935, with only minor amendments. A general reduction of credits, such as was provided for in the agreements of 1932 and 1933, was not again negotiated. The amount of credits outstanding, indeed, had already been reduced to proportions that no longer placed a severe strain upon the liquidity of the creditor banks. From Rm. 6,300,000,000 at the time of the first Standstill in June 1931, they had fallen to Rm. 2,600,000,000, which was actually less than German indebtedness on short-term account had been in 1913. The outstanding amount included about Rm. 270,000,000 of open credit lines of which the debtors had not yet availed themselves; there was some discussion at the February conference of the question whether this margin ought not to be reduced. The German debtors' committee, however, gave an assurance that the unutilized credits would be used only 'as a reserve of

<sup>1</sup> See the *Survey for 1932*, p. 46.



credit facilities available for the expansion of Germany's international business'.

On the 8th March, 1934, as a result of still another conference with the creditors, the Standstill Agreement for the debts of *Länder* and municipalities was also prolonged for the period of one year, on the same general terms as before. The creditors obtained the option to convert the whole of their credits into 4 per cent. twenty-year reichs-mark bonds, which might be sold in exchange for 'registered marks'. In this case also, the total of debts outstanding had fallen considerably, from Rm. 247,000,000 at the date of the first agreement to Rm. 148,000,000. It must not be supposed that the reduction of the outstanding amounts of short-term debt, under either Standstill Agreement, was entirely due to redemption in foreign currencies. A large part had disappeared from the scope of the agreements through being converted into 'registered marks', which represented a convenient form of reinvestment in Germany, or which might be sold, though at a discount, for foreign currencies. Still further reductions had been effected by the depreciation of the pound and the dollar, in which many of the debts were expressed. This factor also applied to the long-term debts. Nevertheless, considerable repayments were effected both in earlier years and in 1933, giving rise to the accusation that Germany was able to buy up her own bonds at bargain prices while feigning inability to pay the full interest. The German Ministry of Economics, on the other hand, claimed that, of Rm. 781,000,000 of bonds repurchased from November 1931 to November 1933, Rm. 549,000,000 had been obtained through the 'additional' exports system, and Rm. 121,000,000 by exchanging foreign securities for German bonds; Rm. 69,000,000 had been redeemed at due date, and the remainder represented purchases by insurance companies for cover, and so on.

By whatever means, Germany certainly had secured a very valuable reduction of the interest due to foreign creditors. On the other hand, her trade balance no longer showed the resilience that it had displayed at the first onset of the slump. In 1933, Germany's credit balance on commodity trade was only Rm. 667,000,000, against Rm. 1,062,000,000 in 1932. At the beginning of 1934, the commercial balance showed signs of further decline, and in March the Foreign Exchange Control Office reduced the quotas of foreign exchange allotted to importers by 10 per cent.—the first cut for nearly two years. Further restrictions on imports were imposed shortly afterwards. Amid a variety of causes for Germany's failing trade balance, two may be particularly noted—the Jewish boycott, desultory and

incomplete, that followed the National-Socialist revolution, and the big decline in German exports to Russia, for political reasons and because of the Soviet Union's new commercial engagements with the United States and Great Britain. But perhaps more important than any such particular incidents was the failure of Germany to adjust her internal economy to the necessities of her external trade. Given the economic condition of the world in 1933, there were available to her two alternative means of maintaining her foreign trade balance. One was to cut costs and prices; the other was to depreciate her exchange. The economic policies of the National-Socialist Government were calculated rather to raise than to diminish internal costs; for they included the financing by inflationary methods of public works, labour camps, and other salves for unemployment, and the schooling of industry into courses that would involve an increased use of man-power. During 1933 wholesale prices in Germany rose by over 5 per cent., whereas in gold standard countries they fell slightly. As for the depreciation of the reichsmark, it was strenuously opposed by Dr. Schacht and other authorities, who feared the reactions upon a country that had experienced the horrors of a great inflation only a decade earlier. They preferred the indirect and disguised method of financing exports with cheap Konversionskasse scrip, and with blocked and registered reichsmarks. By the beginning of 1934, however, it was already apparent that such expedients might not be enough.

#### (h) JAPAN AND WORLD TRADE

In the course of the year 1933 the mutterings of Japan's commercial competitors against the expansion of her trade swelled into clamour. It must not be supposed, however, that in a sudden campaign of commercial aggression she took the World's markets by storm. The record of her external merchandise trade was as follows:

	<i>Imports</i>	<i>Exports</i>	<i>Balance</i>	<i>Gold value of the Yen (1925 = 100)</i>
	<i>(In millions of yen)</i>			
1925	2487	2242	-243	100
1930	1680	1518	-162	120
1931	1319	1179	-140	119
1932	1524	1457	-67	68
1933	2018	1932	-86	49

It will be seen that both imports and exports increased by about 500,000,000 yen in 1933. In gold values, there was actually a fall of 6 per cent. in Japan's total trade, and the proportion that her exports bore to total world trade, calculated in gold values, varied little from

1929 to 1933. If, however, the figures of her external trade are adjusted according to the movement of Japanese wholesale prices, there appears to have been an increase of about 16 per cent. in the volume both of imports and of exports between 1932 and 1933—at a time, of course, when world trade as a whole was still stagnant. Obviously the low prices of Japanese articles were the heart of the trouble.

Cotton textiles formed a large part of the increased exports, but many other manufactures were being sent in growing quantities to markets all over the World. Almost every industrial country, whether its tariffs were high or low, raised some complaint against Japanese competition. The Union of South Africa, in August 1933, imposed special anti-dumping duties, on a penal scale, against certain classes of Japanese goods, including men's and boys' hats, bottles and jars, and matches. In Germany, Japanese cloth was being sold at little over half local prices. Grey cloth was said to be offered by Japan in Norway at prices covering only the cost of yarn when imported from Lancashire. In Yugoslavia there was a demand for protection against Japanese 'dumping'. Japanese prices for many articles sold in the Belgian Congo were reported to be 30 to 50 per cent. below Belgian prices. Imports from Japan into 'Irāq rose from £98,000 in 1930-1 to £425,000 in 1932-3. In Great Britain, newspapers published lists of extraordinarily cheap articles of Japanese origin displayed for sale—men's socks at 3*d.* and 4*d.* a pair, khaki shirts at a wholesale price of 22*s.* 6*d.* a dozen, or a set of toy soldiers at 6*d.*, actually with 'a tent flying the Union Jack'.

What fierceness of fire did this smoke betray? Among many popular explanations of the Japanese assault on world commerce, one of the most plausible was the depreciation of the yen, which furnished Japan with the means of so-called 'exchange dumping'. Certainly when Japan abandoned the gold standard in December 1931, after less than two years' painful trial, she enjoyed an extraordinary advantage, in that large stocks of raw materials had been imported cheaply when the exchange value of the yen had been high, whereas her exports now fetched a much better price expressed in yen. When those stocks were exhausted, however, Japanese costs, in the way of raw cotton and other imported materials, were inflated by the depreciation of the yen as much as were the prices of her finished products. Internal costs like wages did not rise proportionately, since Japan was largely self-supporting in the necessities of life, which could not rise in price without an immediate reaction on the wage-standard. Yet if there had been any prolonged undervaluation of the yen, it would presumably have displayed itself in a

more favourable balance of trade. This in turn would have been followed by upward pressure on the yen unless there were compensating payments abroad, for instance exports of capital. Japan's balance of trade, on the contrary, deteriorated in 1933, nor, apparently, were special efforts required to hold the yen down to its low exchange level. Her imports rose in 1933 by as great a proportion as her exports. In brief, her ability to sell enhanced her capacity to buy. It is probable, however, that she obtained a much larger credit balance from invisible transactions in 1933 than in 1932, and this was absorbed by capital exports, mainly to Manchukuo.

Other commentators mentioned Japan's rapidly increasing population, pent within a group of mountainous islands, as the urge behind the expansion of her exports. While indeed the growth of population, and the difficulty of extending the area of agricultural land, may have imposed on Japan an economic system in which large-scale industrial exports played an essential part, it could not by itself squeeze exports out of her, like water from a saturated sponge. More cogent was the argument that Japan's growing population kept down the standard of life, and that her competitors had therefore to contend with exceptionally low wages. Figures were quoted to show that wage rates in Japan were in fact far below those ruling in Western countries—for instance, that the average wage of a female operative in a silk filature was equivalent to a little over 9d. a day. Such arguments provoked not always quite relevant retorts, to the effect that the Japanese workers were well housed and fed, and were very comfortably off according to their lights. The low level of wages in Japan, like the depreciation of the yen, must be accepted as a fact, which undoubtedly affected her foreign trade position.

The increase of the population, the fall of the yen, the lowness of wages when converted from a depreciated currency, the efforts of industrial management to cut costs, all fitted into a single logical system. Industrialization and a great natural increase marched together in twentieth-century Japan as they had in nineteenth-century Europe. Agriculture, especially when organized on a subsistence basis, can rest content with home markets; large scale industry never. The quest for profits is bound to become a quest for further markets, if only to consume at cut prices the surplus production that the home market cannot absorb. Industry demands raw materials, many of which, in Japan particularly, have to be bought abroad; and it raises the standard of life so that more consumable goods are imported also. Once Japan had adopted Western industrial technique, she was compelled to sell and she was compelled to buy. When it became

impossible, with the yen at its gold parity, for her to sell as much as she required to pay for her essential purchases, the exchange collapsed, and with it the internal cost system. The lowness of Japanese wages, calculated in other currencies, measured not so much her capacity to export as her need to do so.

Undoubtedly, there was a more subtle urge besides this economic necessity. Like the Manchurian adventure, Japanese commercial aggression sprang from psychological motive as well as material requirement. The World Economic Crisis found Japan in a mood of fermenting nationalism. In expanding exports, as in territorial aggrandisement, national pride found both ambition and self-flattery. It was not only in recolouring the map of 'backward' countries that Japan emulated the nations of the West.

Japan was also sometimes accused of unfair competition, by means of dumping and of Government assistance to industry. On this point the testimony of the Commercial Counsellor to the British Embassy at Tokyo may be cited.<sup>1</sup> 'There is no question', he wrote, 'of selling at below production cost, nor is there any evidence to show that goods for export are usually sold cheaper than goods for the domestic market.' Government subsidies to private industry, he reported, amounted to about £2,000,000 per annum, of which over £1,000,000 went to shipping.

Altogether, then, it may be said that the assistance given to industry by the state in terms of money is of comparatively modest dimensions; and the principal form of Government help is probably protection by import tariff. Apart from such measures, however, the Japanese Government is not backward in taking positive steps to direct the course of industry and trade by legislation. . . . Whether because of Government policy or because of a spontaneous movement, the progress of cartels and similar forms of jointly controlled activity has been very marked during the past few years. . . . The leading feature of industry in Japan in the period under review is its progressive 'rationalization'. In most of the important manufactures there was a serious and on the whole successful effort to improve organization and technique, to economize labour and to reduce costs.

These were scarcely times to welcome a sharpening of the blade of international competition. Yet if the stagnation of world trade was disastrous, was the gouging of new channels by Japan wholly to be deplored? And whereas every expression of nationalism breathed a threat to the World, might not this wheel turn full circle, eventually fostering in Japan, through her greater and greater reliance on international trade, a sense of international citizenship? Japan's imports

<sup>1</sup> Department of Overseas Trade Report. No. 541. (H.M. Stationery Office, 1933.)

increased to the same tune as her exports, and both alike were hostages to the outer world. Moreover, through the many-angled complex of world trade, the increase of Japan's exports, accompanied as it was by an increase of her imports, turned to the eventual advantage of her competitors. Thus Australia, selling more wool to Japan, was able to buy more manufactures from Great Britain. One more point may be mentioned in refutation, or mitigation, of the case against Japan as the *saboteur* of international commerce. In the long run, many of her new exports, especially those to 'native' territories, might well prove not to be competitive with European products, in that their cheapness appealed to a range of consumers whose wants would otherwise have gone unsatisfied. The impoverished populations of many tropical territories found their simple standard of life supported or even improved during these lean years by their ability to buy cheap Japanese goods. Of the Netherlands East Indies, for instance, it was stated that frequently Japan's 'phenomenally low prices had enabled her to create a new market for the buying public, with which her competitors had no previous dealings'.<sup>1</sup>

In many ways India was the linch-pin of Japan's external economic system. Indian cotton played a considerable part in her raw material requirements, while in India she found a great market for manufactures, especially cotton textiles.<sup>2</sup> The depreciation of the yen soon began to cause complaint, for Japanese goods entered into direct price-competition with native Indian products, and the protective effect of the existing tariff was, for the time being, almost, if not wholly, nullified. The duty on foreign cotton piece-goods was increased by two stages,<sup>3</sup> the second of them on the 6th June, 1933, to 75 per cent. *ad valorem*, but action specifically against Japan was precluded by a Trade Convention of 1904, according mutual most-favoured-nation treatment. On the 12th April, 1933, the British Foreign Secretary, on behalf of the Government of India, had given notice of the abrogation of the convention, to take effect (according to its terms) six months later. The Indian Government had also passed a Safeguarding of Industries Act, designed to protect home industries against abnormal foreign competition, based, for instance, on exchange depreciation.

<sup>1</sup> From a speech by the Chairman of the British Chamber of Commerce in the Netherlands East Indies.

<sup>2</sup> In 1932 India took 28 per cent. of Japan's cotton exports, including two-thirds of her exports of cotton yarn.

<sup>3</sup> See the *Survey for 1932*, p. 10. There was an attempt at retaliation in the shape of a boycott of Indian raw cotton by Japanese spinners.

After two months' preliminary correspondence, the Government of India invited the Japanese Government to send representatives to discuss the future of trade between the two countries. A delegation, headed by Mr. Sawada, Minister Plenipotentiary, sailed on the 24th August. The Indian group was headed by Sir Joseph Bhore, Commerce Member of the Viceroy's Executive Council. The opportunity was also taken to despatch a delegation from Lancashire, under the chairmanship of Sir William Clare Lees, for discussions with the Indian and Japanese trade representatives. It was made clear, however, that the Indian Government could not negotiate with the Lancashire delegation, though it would treat their views as evidence in deciding upon the outcome of the negotiations with Japan. In no sense was Lancashire a party to the Indo-Japanese discussions.

An agreement between the Lancashire delegation and the spokesmen of the Bombay mill-owners was actually reached some weeks before the Indo-Japanese negotiations proved successful. The Ahmedabad mill-owners objected to the pact.<sup>1</sup> It was agreed, *inter alia*,

That the Indian cotton textile industry is entitled for its progressive development to a reasonable measure of protection against imports of United Kingdom yarns and piece-goods. It is also agreed that under present conditions, owing to lower costs and other factors operating in foreign countries, the industry requires a higher level of protection against them than against the United Kingdom.

That any advantages which might be arranged for British goods in Empire and other oversea markets for piece-goods and yarns should be extended to Indian goods.

The Indian parties would acquiesce in the exemption of United Kingdom goods from the general surcharge on all imports, imposed in October 1931, if and when the budgetary position permitted. They would concur in the placing of duties of 5 per cent. on cotton yarns, and of 30 per cent. on artificial silk piece goods from the United Kingdom (with corresponding specific duties). They urged the necessity of further efforts in the United Kingdom to popularize and promote the use of Indian raw cotton, and the British textile mission for their part undertook to support effective action in that direction. This agreement would hold good until the 31st December, 1935.

The negotiations with Japan meanwhile dragged on, from 'last word'

<sup>1</sup> In answer to a question in the Legislative Assembly on the 28th November, Sir Joseph Bhore concurred in the suggestion of the acting Leader of the Opposition that the agreement was supported by a considerable section of the mill-owners outside the city of Bombay.

to 'last word'. The expiry of the Indo-Japanese Trade Convention, which would have taken effect on the 10th November, was postponed by the Indian Government, as the talks were still in progress. On the 28th November—perhaps out of genuine wrath, perhaps in order to bluff the opposite party—associations representing the Osaka cotton industry passed a resolution undertaking to continue the policy of not buying Indian raw cotton, and declaring that they were prepared to withdraw their delegates from India. The continuance of the boycott was not taken very seriously in India, because Japanese purchases of Indian cotton had in fact been increasing steadily. Still further agitation for the withdrawal of her delegates was raised in Japan when, on the 22nd December, Sir Joseph Bhore introduced a Bill to apply to certain classes of imports, mostly those in which Japanese competition was being keenly felt, a minimum specific duty alongside the existing *ad valorem* duty. The Japanese industrialists argued that, since the quota proposals laid before the cotton negotiators involved for Japan a large excess of imports over exports, the balance would have to be made up by the sale of other manufactures to India; and that this would be rendered impossible in many cases by the new duties.

Despite these alarms, an agreement was reached on the 3rd January, 1934. Japan secured the right to export to India a maximum of 400,000,000 yards of cotton piece-goods under a 50 per cent. duty. That rate (and also the duties on other Japanese products) might, however, be varied to correct the effect of exchange fluctuations. In return, Japan undertook to accept proportionate quantities of Indian raw cotton; the first 125,000,000 yards of piece-goods she might sell without obligation, but against the next 200,000,000 yards she must buy a million bales of cotton, and against the next 75,000,000 she must buy an additional half-million bales. Any excess purchases of cotton in any one year might be credited to the next year. The piece-goods quota was divided into four categories, each being allotted a certain percentage, but a limited variation was to be allowed between them. The agreement, which was of three years' duration, accorded reciprocal most-favoured-nation treatment. Each party recognized the right of the other to safeguard its own industries, but they agreed that, should any tariff modification adversely affect the trade interests of the opposite party, they would enter into negotiations with the object of reconciling, as far as possible, their mutual trade interests.

In spite of the reduction of the standard rate of duty from 75 to 50 per cent., the agreement did not curtail the protection enjoyed



by the Indian weaving industry; for the maximum allotment of 400,000,000 yards of piece-goods was some 179,000,000 yards less than India's imports from Japan in the previous fiscal year. To that extent the agreement might be counted an advantage to Lancashire also. As the corresponding import of 1,500,000 bales of Indian cotton was nearly 50 per cent. higher than the quantity bought by Japan in the previous fiscal year, it is difficult at the first glance to see where Japan benefited. It must be remembered, however, that in this business 1932-3 had been a quite abnormal year, and that since the end of the fiscal year the Indian tariff had been raised and the Trade Convention denounced; Japan had therefore to look forward possibly to a big reduction of her exports to India. Highly dependent, as she was, on export markets, she accepted with some reluctance a bargain that from her point of view was doubtless disagreeably hard. The Osaka cotton boycott was withdrawn on the 8th January, 1934, and the Government of India thereupon put into operation the terms of the agreement. On the 5th February, a Bill was introduced in the Legislative Assembly giving effect both to the Indo-Japanese agreement and to the pact between the representatives of Bombay and of Lancashire. The agreement was finally initialed on the 19th April.

Important as the specific terms of the agreement were, they were not so important as the principles that were implied. For the first time in her career as a member-nation of the British Commonwealth, India had concluded an agreement with a foreign Power, on her own behalf, through her own representatives, and in her own capital. Even her separate membership of the League of Nations, and her negotiations with other British countries at the Ottawa Conference, were not such decisive symbols of her independent status. Again, the agreement was the first attempt to cope with Japanese commercial aggression by negotiation followed by deliberate regulation. Still more vital, this agreement between two great industrial nations embodied the principle of the quantitative quota, not as a means of meeting the crisis, but as a permanent instrument of economic policy, with all its necessary repercussions upon internal economic structure. The Indo-Japanese agreement was thus far more than a bilateral bargain; it was an international portent.

### (i) THE BEGINNING OF RECOVERY

The year 1933 began with a new threat to an already disordered international finance. In the last days of 1932 the Union of South Africa, the *fons* if not the *origo* of the gold standard, suspended

convertibility into gold and attached her currency to the pound sterling. A few days later her fellow-Dominion, New Zealand, fixed the exchange rate on London at 125 in place of 110 per cent. The prospect of a world war of currency depreciation would have seemed even more certain had it been then foreseen that before the year was out the United States dollar would have fallen to less than two-thirds of its former parity. Yet after the fall of the dollar there was no further notable essay in exchange depreciation, beyond the decision of Argentina in December to let the peso find its own level; and at the end of the year all the remaining gold standard countries stood stoutly by their determination to maintain convertibility at the existing parities.

Nevertheless, the disorganization of international exchanges, which the World Economic Conference so flagrantly failed to remedy, had meanwhile borne fruit in a continued reduction of world trade and in still more restrictions on international debt payments. Although the precipitate fall of previous years was retarded, the gold value of world trade was 10 per cent. lower in 1933 than in 1932. The renewed depression of gold prices was at once cause and effect of this thinning of international commerce. The difficulties of debtor countries were, if anything, greater at the end of 1933 than at its beginning. On the 14th January a moratorium was imposed on the foreign debt service of Yugoslavia. On the 8th June Germany declared a partial transfer moratorium on foreign debts, public and private.<sup>1</sup> On the 14th August Rumania declared a transfer moratorium. Brazil and Colombia were among the other countries that found it necessary to impose more rigorous terms on the transfer of money abroad for interest and amortization payments.<sup>2</sup> The only

<sup>1</sup> See above, p. 93.

<sup>2</sup> In March 1934, the Financial Secretary to the Treasury stated in answer to questions in the House of Commons that since the 1st January, 1930, the following countries had failed to pay the full contractual interest on governmental loans issued by them in the London market: Brazil (Federal Government and States), Bulgaria, Chile, China (except certain loans paid in full), Colombia, Costa Rica, Ecuador, Germany (Länder), Greece, Hungary, Mexico, Paraguay, Peru, Rumania, Russia (presumably pre-revolutionary loans), Salvador, Uruguay, Turkey and Yugoslavia. The above list comprised Governments only, and excluded provinces and municipalities. Governments which had suspended sinking funds, but had continued to pay the full contractual interest, were not included. The following countries, on the other hand, had met all their contractual obligations to British creditors on governmental loans issued in the London market: Argentina, Austria, Belgium, Cuba, Czechoslovakia, Denmark, Egypt (full service paid in sterling), Estonia, Finland, France, Honduras, Italy, Iceland, Japan, Netherlands, Norway, Persia, Poland, Portugal, Siam, Spain, Sweden, Switzerland and Venezuela. The Minister added that Austria had been for a time in arrear with payments in respect of pre-war Austro-Hungarian debts, but that the arrears had been

relief to the tale of default in 1933 was the resumption of payments on Government debt by Austria, who obtained in August a new international guaranteed loan.<sup>1</sup> The Austrian League loan of 1923 had never been in default as far as the bondholders or the guarantor Governments were concerned, though technical default had been committed towards the trustees.

In spite of these troubles, the bogged economic system still kept under its feet the firmer ground that it had begun to find in 1932. The process of liquidating international debt went on, and debtors were afforded relief by the depreciation of the pound and the dollar, in which many of their obligations were expressed. Money remained consistently cheap in the chief monetary centres, although in Amsterdam the supposed menace to the gold standard temporarily drove up the private discount rate from an average of 0.66 per cent. in April to 3.54 per cent. in July. The United States returned swiftly to easy money conditions after the restrictions of the panic period. In London the average treasury bill rate was no more than 0.3 per cent. in the month of August. The Bank of England rate remained at 2 per cent. throughout the year, the Bank of France rate at  $2\frac{1}{2}$  per cent., and the Reichsbank rate at 4 per cent. The Netherlands Bank ended the year, as it began, with a  $2\frac{1}{2}$  per cent. discount rate, though it had been as high as  $4\frac{1}{2}$  per cent. during the first fortnight in July. The Bank of Italy reduced its rate in the course of the year from 5 to 3 per cent. This was in preparation for a large-scale conversion of Government loans, which was successfully carried through in February 1934. Several other Governments took the opportunity presented by easy monetary conditions to convert their obligations to a lower interest basis, and many commercial firms did likewise. Bond prices on the London market, already high, rose by a further 5 per cent. in the course of the year. In Germany, where they were low, the index rose by over 10 per cent. In the United States, on the other hand, the bond market was a little weaker at the end than at the beginning of 1933, and in France it was decidedly weaker.

Still greater contrasts were shown among the indicés of the prices of common stocks. In the United States, between January and December, there was a net rise of 43 per cent., in Great Britain a net rise of 11 per cent., and in Germany a net rise of 4 per cent.; whereas in France the index fell by 6 per cent. Even in France, however, made good. Guatemala and Nicaragua had suspended sinking funds by arrangement, but were not otherwise in default. The statement, of course, referred only to foreign countries; had the British self-governing Dominions been included, the picture would have been still more favourable.

<sup>1</sup> See the *Survey for 1932*, pp. 84-7.

there had been an appreciable increase of the volume of production, especially during the American boom of the summer months.

Nothing was more typical of 1933 than this divergence of national economic tendencies. Reliance upon national self-help for economic recovery, previously regarded as merely necessary in default of any better means, became almost an item of faith after the petering out of the World Economic Conference. At the Conference itself the doctrine had been vehemently defended by certain American delegates and others. Some European observers had hoped that with the Democrats in power, and with the dollar released from the chains of gold, the United States might choose a more internationalist commercial and financial policy. Mr. Cordell Hull, the Secretary of State and leader of the American delegation to the World Economic Conference, was himself a confirmed internationalist, and he was supported in the Cabinet by Mr. Wallace, the Secretary of Agriculture, who lost no opportunity of instructing his fellow-citizens in the consequences of a nationalist policy. If, he said in effect, the United States were to abandon world markets for her primary products, then 40 or 50 million acres of her land would have to go permanently out of production; but if that conclusion were unpalatable, and she wished to sell her surplus of primary products abroad, then she must be prepared to buy the goods that other countries produced. Apart from his work in London, it was on Mr. Hull's initiative that the economic committee of the Pan-American Conference at Montevideo in December resolved that conventions should be negotiated for abolishing import and export prohibitions and restrictions, and that all trade agreements should include an unconditional and unrestricted most-favoured-nation clause.<sup>1</sup> The hand of Mr. Wallace, further, was traceable in the President's demand, in March 1934, for powers to vary customs duties for the purpose of reaching commercial agreements with other countries. Yet in 1933 itself there was little practical mitigation, and much definite aggravation, of American economic nationalism.

The other chief creditor country, Great Britain, while staunchly maintaining her new protectionism, concluded a series of commercial agreements<sup>2</sup> which effected a certain downward modification of tariff barriers. On the whole, however, she too was unmistakably pursuing a policy of self-help, by way of easy money behind a depreciated exchange, combined with protection and other stimuli for home industry and agriculture. The quantitative restriction of imports of

<sup>1</sup> See the present volume, Part III, section (i).

<sup>2</sup> With Argentina, Denmark, Estonia, Germany, Norway, Latvia and Sweden.

primary products into the United Kingdom might almost be taken as the funeral liturgy of the old economic régime, for her great creditor position had demanded the liberal import of raw produce from the developing countries. Her decision to restrict such purchases was thus a warning that in future she might be expected to lend far less abroad than hitherto. The Treasury ban on foreign lending was in fact maintained throughout 1933.

Those being the policies of the creditors, it was scarcely to be hoped that the debtor countries would relax their restrictions on trade. Even within the British Commonwealth the application of the Ottawa Agreements proved slow and laborious. Australia, whose tariff cuts stand out prominently in a picture of growing protectionism throughout the World, had achieved a substantial excess credit balance of trade largely through the higher prices ruling for her principal export, wool. Germany, the greatest industrial debtor country, continued to restrict imports by tariffs, quotas and exchange control. In Germany and other countries practising exchange regulation the gold standard was of course only a figment. In France, on the other hand, the standard was fully maintained, though it required the aid both of relatively high interest rates and of further import restrictions. The result of the latter was to reduce France's imports of foodstuffs and manufactured goods by 12 per cent.; but her imports of raw materials increased, while her exports fell in value, so that on balance her trade deficit, at 9,992,000,000 francs, was little less than in 1932. Through several changes of Government she upheld her policy of obtaining fiscal liberty by the abrogation or revision of tariff agreements, meanwhile checking her imports by means of quotas. At the beginning of 1934 this policy had brought her into diplomatic and economic conflict with several other countries, including Great Britain and Germany.

The net result of growing economic nationalism was a continued stagnation of world trade. Yet the policy of self-help was by no means entirely a failure. Stable political conditions, cheap money, and protection, both by tariffs or quotas and by the low-valued pound, promoted in Great Britain a substantially higher volume of production and employment. This was accompanied, moreover, by a rise of 10 per cent. in the value of retained imports of raw materials. Still more important for the rest of the World was the industrial revival in the United States. Between December 1932 and December 1933 her index of industrial production rose by 15 per cent. The seasonally adjusted index for July had been over 50 per cent. higher than that for the previous December. This recovery was naturally

reflected in the foreign trade returns. In June 1933 the value both of imports and of exports of merchandise, for the first time since the onset of the slump, exceeded the figure for the same month in the previous year. In the second half of 1933 imports were 50 per cent. higher, and exports 30 per cent. higher, than in the second half of 1932. These calculations, of course, are made in dollars, which had been worth on the average 48 per cent. more in gold in 1932 than in the second half of 1933. Much, indeed, of the apparent revival of trade in the latter part of the year was no more than a diversion of trade from the rest of the World to countries with depreciated exchanges (notably the United States, Japan, Great Britain and the British Dominions), in whose currencies it was naturally expressed at an inflated figure. Nevertheless, internal industrial prosperity in the great manufacturing countries was bound to mean some improvement of trade for others, especially the raw material producers. The question for which the experience of 1933 could not provide an answer was how far recovery could progress on those lines, even within the inflating countries themselves, without a stabilization of currencies and a release of international trade from its fetters.

## PART II

### DISARMAMENT AND SECURITY

#### (i) National-Socialist Germany and her Neighbours

##### (a) THE HISTORICAL BACKGROUND OF 'THE THIRD REICH'

THE National-Socialist Revolution in Germany, which followed the installation of Herr Hitler as Chancellor of the German Reich on the 30th January, 1933, was the outstanding and dominating political event of the year in the whole field of international affairs. It signified in Europe what had been signified in the Far East and the Pacific by the Japanese *coup* of the 18th–19th September, 1931. Taken together, these two outbreaks of violence brought the 'post-war' chapter of history to a close and opened a new chapter which was manifestly fraught with the most momentous issues of good or evil, happiness or misery, for the whole of Mankind. In the narrower field of Western history, the 'Nazification' of Germany in A.D. 1933, through the *Gleichschaltung*, within the frontiers of the Reich, of a number of ancient and fundamental Western traditions and institutions, was also an epoch-making event in an historical process of a longer time-span. It marked the consummation—or the *reductio ad extremum*—of a politico-religious movement, the pagan deification and worship of parochial human communities, which had been gradually gaining ground for more than four centuries in the Western World at large, and which had a still longer history behind it in the medieval city-states of Central and Northern Italy. This movement in the Western World, of which the Nazi Revolution of A.D. 1933 in Germany was one phase, had come by that time to be of oecumenical concern owing to the expansion of the Western Civilization over all the habitable lands and navigable seas on the face of the planet.

On inspection, the movement which convulsed Germany in 1933 proves to be analysable at first glance into two distinct aspects. In one aspect, it was a fulfilment of ideals that had been gaining ground throughout the Western World ever since they had first frankly been formulated, more than four hundred years back, by Machiavelli; in another aspect, it was a recovery from the political and psychological prostration into which the German people had fallen, not more than fourteen years back, after their military defeat in the General War of 1914–18. Hitlerism can hardly be understood unless these two aspects of the movement are clearly distinguished in the mind of the observer.

It must be added, however, that the consequences of the triumph of Hitlerism in Germany are likewise hardly possible to understand without bearing in mind, all the time, that these two elements which are theoretically distinct were in practice interlocked with one another; for it was their interlocking and interaction that gave Hitlerism its demonic force. It is possible, and even probable, that the pagan worship of a parochial community would not have been carried to these extreme lengths in the Western World at this date if one of the great nations of the Western World had not been thrown into a mood of peculiar receptivity to such emotions and ideas in consequence of the penalization to which she had been subjected in the Peace Settlement of 1919-20. It is likewise possible and probable that the inevitable recovery of Germany from the passing effects of military defeat would not have declared itself in so violent and intemperate and aggressive a form of self-assertion as Hitlerism appeared to be, if it had not found, and adopted, an 'ideology' and a faith which already had a long history behind them before Herr Hitler embraced them and took them for his own and expressed them in terms of a crude theory of 'Race' and introduced them, in this peptonized form, to the German lower middle class.

The eventual recovery, by Germany, of her momentarily forfeited status of a Great Power might have been predicted, on inference from the past, by any student of modern Western history; and if he had merely taken the latest example of the phenomenon and mechanically calculated the date of Germany's coming recovery after 1918 on the analogy of the recovery of France after 1815, he would have found himself less than one year out in his rough-and-ready reckoning. The post-war recuperation of France after the General War of 1792-1815 declared itself when the Bourbon Restoration was supplanted by the Orleanist régime of Louis Philippe through the Revolution of July 1830, in the fifteenth year after the decisive military defeat of Napoleon at Waterloo. The post-war recuperation of Germany after the General War of 1914-18 declared itself in the fifteenth year after the capitulation of the Prussian General Staff in the Armistice of the 11th November, 1918, when the parliamentary democratic 'Weimar System' was supplanted by the National-Socialist 'Third Reich' through the German Revolution of 1933.

In 1830, as in 1933, the convulsive movements, in which the lately prostrate titan was making it manifest that his 'national life' was 'being revitalized',<sup>1</sup> produced a flutter of nervous apprehension or

<sup>1</sup> Mr. Ramsay MacDonald in the House of Commons at Westminster, 23rd March, 1933.



of hopeful expectancy, as the case might be, among all the nations round about whose positions had been respectively worsened or improved in the Peace Settlement by which the titan's recent military overthrow had been followed. In all these quarters, the resurrection of the Power whose temporary prostration had made the Peace Settlement possible inevitably raised the question whether, once the titan was on his feet again, the settlement could be expected to endure. And, even in detail, the motions of revolutionary France in 1830, and the emotions evoked, in reaction, in the hearts and minds of all the neighbours of *la grande nation* of the day, display a remarkable similarity to the motions of revolutionary Germany in 1933 and to the reactions abroad which these German alarms and excursions evoked among the neighbours of a nation which, even within the Versailles frontiers, was half as strong again in numbers as any one of the three next largest nations on the post-war map of twentieth-century Europe.

In 1830, the state of Belgium—in revolt against the union with Holland which had been imposed upon her, for the convenience of the victors, in 1815—was not unlike the state of an Austria in revolt, in 1933, against an enforced isolation. In both cases, it was questionable whether a little country, which had been a victim of the arbitrary artificiality of the Peace Settlement, were genuinely capable of permanent sovereign independence. In both cases, this country whose future was in doubt was the immediate neighbour of the convalescent titan, and was linked with him by the tie of a common language. In both cases, the titan was tempted to re-assert his prestige as a Great Power, and to compensate himself for post-war losses in other directions, by taking the foundling under his wing. And in both cases the foundling happened to occupy so important a strategic position in Europe that either the *réunion* of Belgium with France in 1830 or the *Anschluss* of Austria to Germany in 1933 would be tantamount, in the eyes of the *ci-devant* victors, to an overthrow of the recently established balance of power. In both cases, accordingly, the motion made by the *ci-devant* defeated Power, at the moment of its recuperation, to enlarge its borders in this way, in defiance of the rest of the World, raised the spectre of war and brought the defiant Power into an invidious position of diplomatic isolation to which it retorted by melodramatic gestures. The milder *démarches* of Louis Philippe in 1830 corresponded psychologically to Herr Hitler's gesture, in 1933, of withdrawing from the World Disarmament Conference and seceding from the League of Nations. Even the French policy, in 'the eighteen-thirties', of coquetting with

Mehmed 'Alī, the formidable and recalcitrant Pasha of Egypt, as an indirect method of exerting pressure upon the European neighbours of France from another quarter, finds its parallel in the rumours, which were heard in 1933, of a secret understanding between a National-Socialist Germany and a militarist Japan.

This parallel goes far enough to indicate that the upheaval in Germany in 1933 was to some extent a predictable, and in so far a normal, event; and also that this event was perhaps not so fatally inimical to the maintenance of peace as at first sight it appeared to be. The July Revolution of 1830 in France had shown that a victory in a General War is a wasting asset which cannot be expected to last much longer than fifteen years; but it had also shown that the expiry of the victory was not bound to result in a renewal of the war; for in this instance, at any rate, the alarms and excursions came to nothing, and, in spite of the war-scares of 1830 and 1839, the reign of Louis Philippe was both reasonably long and decidedly pacific. In so far as this parallel went, it was of good augury for the régime of Adolf Hitler—the twentieth-century Austrian leader of the German lower middle class who may be taken as, in some sense, a counterpart of the nineteenth-century bourgeois King of the French. Morphologically, these two historical figures correspond with one another in a certain measure; but the vast difference in the temper which they displayed in themselves and aroused in their fellow-countrymen shows that, beyond the likenesses in the two situations, there were certain profoundly different features.

The historian has to account for the vastly greater violence of the German temper in 1933; and he may seek to explain it by any one of several different considerations, or by a combination of them all. He may have recourse to the dogmatic racialism which was the creed of Herr Hitler himself, and may assume that the *furor Teutonicus* was the parochial form of original sin among the inhabitants of the German Reich within the frontiers bequeathed to it in 1933 by the genius of Bismarck and the folly of his successors. Or alternatively the historian may seek his explanation, not in a hypothetical racial *ethos* of the Reichsdeutsch fraction of the population of Europe, but in the verifiable acts of the Allied and Associated Powers in 1919–20. Comparing the terms and spirit of the Peace Settlement of Paris with those of the Peace Settlement of Vienna, he may come to the conclusion that the Great Power which had suffered defeat in the War of 1914–18 was treated by the victors with greater harshness and contumely than the victors in the War of 1792–1815 imported into their settlement of accounts with the Great Power which had

suffered defeat on that occasion. And the historian may discover a proportionate and consequential difference in the degree of violence of the respective German and French reactions fifteen years after. In the third place the historian may observe that the authors of the French revolution of 1830 were not monomaniac votaries of that pagan worship of a parochial community which was the religion of Herr Hitler and his followers in the Germany of 1933. This last-mentioned difference in the two situations is so great, and the enthronement of this religion as the orthodox and established faith of Germany in 1933 was an event of such profound importance, that the point deserves further consideration.

The worship of a parochial community by its members was not, of course, by any means a new phenomenon in human history. On the contrary, this had been the substance of the religion of Primitive Man; and certain human societies had several times carried this primitive religion with them—though this always with fatal consequences—after entering upon the enterprise of civilization. This form of paganism had been the religion, and the destruction, of the long extinct Hellenic Civilization out of whose ruins the latter-day Western Civilization had sprung. Again, among those civilizations that were still extant in A.D. 1933, the pagan worship of a parochial community was the religion of the Far Eastern Civilization in its Japanese version; and in Japan—where it was the deepest cause of the outbreak of 1931—this paganism was, as it had been in Hellas, an anachronistic survival from the primitive past.<sup>1</sup> In this respect, the Western Society had started life with a happier religious heritage than either its Japanese contemporary or its Hellenic predecessor; for the chrysalis of the Western Society had been the Christian Church, and Christianity, with its fundamental belief in the brotherhood of all Mankind through the common fatherhood of one God, was the antithesis of the pagan religion of Tribalism.<sup>2</sup> It was under

<sup>1</sup> This primitive Japanese cult of the Japanese community, which was known as *Shinto*, had been refined and sophisticated, on the pattern of Buddhism, after the introduction of the Mahayana into Japan in the sixth century of the Christian Era, but had latterly been deliberately remodelled into a deification of the Dynasty and the State, after the Westernizing revolution of A.D. 1868.

<sup>2</sup> In its belief in the brotherhood of Mankind, the Christian Church was not without forerunners. The sense, and to some extent even the practice, of this brotherhood had grown up within the framework of two 'universal states'—the Achaemenian Empire and the Roman Empire—which each played an important part in the mundane antecedents of the Church; and Alexander the Great seems to have caught a Pisgah sight of the ideal of universal fraternity through his intimate view of the Achaemenian Empire while he was in the process of destroying it. On this point see W. W. Tarn, *Alexander the Great*

the auspices of this Christian transcendental universalism that the infant Western Society struggled into light and order out of the chaos of the Dark Ages; and in this field the primitive tares only gradually revealed their presence among the rising wheat.

In Western Christendom, the pagan religion of Tribalism, which had become so formidably rampant by the time of writing in the year 1934, did not begin to raise its head until a ghost of the Gracco-Roman past had been evoked on Italian soil, in the later Middle Ages, in a new crop of Central and North Italian city-states. The neo-paganism may be said to have definitely taken root in Western Christendom by the time when, in the hearts of a majority of Florentines and Milanese and Venetians, their respective parochial loyalties to Florence and Milan and Venice had come to take precedence over their common oecumenical loyalty to the *Respublica Christiana*. The evil came out into the open when its implications were frankly and plainly exposed and commended by the Florentine statesman and philosopher Niccolò Machiavelli, who demonstrated that, if the worship of a parochial community constituted the whole duty of its subjects, then any community which was the object of such worship must be a moral absolute—a moral universe in itself which could be subject to no transcendent moral law in its physical collisions with other representatives of its own species. This Machiavellian axiom that a deified parochial community must be a non-moral—and therefore in Christian terms an immoral—institution was irrefutably founded upon the prevalent practice of Machiavelli's contemporaries, not only in Italy but in those Transalpine parts of the Western World into which the Italian system of politics was then already being propagated by the diffusion of the culture of the Italian Renaissance. And though Machiavelli's exposition of this form of paganism seemed shocking to Western minds for several centuries after the date of the publication of *The Prince*, it offended through being innocent of both obtuseness and hypocrisy, and not through being guilty of any misrepresentation of the principles on which the philosopher's contemporaries and successors were acting 'in real life'. In clarity of vision, Machiavelli was so precocious that, as late as the eighteenth century, a formal refutation of his doctrine was published—and this

*and the Unity of Mankind* (London, 1933, British Academy). Between the death and failure of Alexander and the birth and victory of the Church, the doctrine was kept alive by the Stoics; but Stoicism was an unimpassioned philosophic system and not a dynamic religious faith which was capable of moving mountains. This miracle was achieved by the Christian Church, and likewise by other universal churches: for example, Islam and the Mahayanian form of Buddhism.

apparently in good faith—by Frederick the Great, who was actually Machiavelli's ablest practical disciple up to that date.

This Frederician state of mind, in which a neo-pagan Machiavellianism was practised while an incompatible Christianity was still at least nominally and perfunctorily professed, was the moral dispensation under which the Western World lived during the chapter of its history that occupied the four hundred years beginning with Machiavelli's own generation. The characteristic of this age was that, for four centuries, the issue which had been raised by Machiavelli's trenchant intellect was successfully—because ingenuously—evaded by the vast majority both of the rulers and of the rank and file of the Western peoples. While they revealed their real religion by spelling 'State' and 'Government', like 'Church' and 'God', with capital letters, and by giving *raison d'état* the precedence in practice over the commandments of Christianity whenever the two competed 'in real life', they managed to preserve the decencies—and this, to some extent, in their hearts as well as in their conventions—by still professing themselves Christians and by apologizing for their practice of Machiavellianism as a provisional concession, in an imperfect world, to an overwhelming practical necessity.

This long persistence of an unresolved contradiction in a matter of such profound religious and social importance is perhaps partly to be explained by the fact that, between the ages of Machiavelli (who lived to see the decline of the medieval Italian city-states) and Frederick (who died at the moment when the new nation-states of the Transalpine and Transmarine World were coming to birth), the parochial communities of Western Christendom were in the hands of hereditary autocrats who treated 'the state' as their private family property. This dynastic version of parochialism was in one sense a manifest abuse, since in equity the ruler should exist for the sake of the community, and not the community for the sake of the ruler; and, just because it was an abuse, it had the effect of retarding the progress of the new paganism by starving it of a plausible object of worship. It is much more difficult to idolize a state that is the vested interest of a dynasty than a state that is the incarnation of a tribe; and therefore, so long as the dynastic state remained the standard type of parochial community in the Western World, it was difficult to carry the new community-worship to extreme lengths. Machiavelli himself militated against the immediate 'totalitarian' application of his own neo-paganism by addressing himself to a 'prince' of the stamp of Caesar Borgia, instead of dedicating his book to Italy (when, as the last chapter of *The Prince* reveals, he was at heart a

devotee of Italian nationalism and a would-be forerunner not so much of Metternich as of Mazzini). The simple community-worship which was the essence of Machiavellianism could not break through the hampering disguise of a sophisticated *raison d'état* until the dynastic political dispensation of the early modern age of Western history had been swept away by the American and the French Revolution and their belated sequels in Central and Eastern Europe. In these circumstances, during these four centuries, the Western World presented the extraordinary spectacle of two incompatible religions existing side by side without the fact of their incompatibility being acknowledged or even widely recognized, and therefore without any forcing of the issue between them.<sup>1</sup> It is obvious, however, that such a state of affairs was in its very nature transitory.

Sooner or later, the Western World was bound to recover its religious integrity by the elimination of one of the two incompatible religions or the other; and it was also apparent that, under the existing compromise, Time was working in favour of the religion that was being practised without being professed, and to the undoing of the religion that was being professed without being practised. Had the early modern dynastic dispensation continued undisturbed for another century or so, or had it passed over into the subsequent nationalistic dispensation without any revolutionary upheaval, it seems probable that the neo-pagan worship of parochial communities would eventually have ousted Christianity completely, as the *de facto* religion of the Western peoples, without any conscious religious crisis or even any sensational change of external forms and formalities. This insidious process of 'peaceful penetration' was cut short by the revolutionary substitution of national states for dynastic states in a series of convulsions which racked the Western World from A.D. 1775 to A.D. 1918. The cumulative effect was to depose, from their former pedestals, the uninspiring figures of a George III Guelf or a Louis XV Bourbon or a Francis Joseph Hapsburg or a William II Hohenzollern, and to replace them by the effulgent images of 'America', 'France', 'Germany', 'England', 'Italy'. These direct incarnations of national communities were idols of the same splendour as an Athena Polyuchus, or a Dea Roma; and their erection immediately inflamed the neo-pagan community-worship in the modern Western World to an ardour of devotion which neither was, nor could be, evoked so long

<sup>1</sup> Compare the relation between Confucianism, Buddhism and Taoism in China since the Dark Ages, or the relation between Shintoism and Buddhism in Japan since the Japanese Revolution of A.D. 1868—or, indeed, since the official 'reception' of Buddhism in Japan in the sixth century of the Christian Era.

as 'the Prince' was the official object of the cult. This change of idols in the high places of Western Christendom was completed with the overthrow, in 1918, of the Hapsburgs and the Hohenzollerns; and the psychological consequences then soon declared themselves. The event of outstanding importance in the history of the Western Civilization in the early twentieth century was the sudden translation of the Western neo-paganism into an undisguised and militant form, in which it flew its proper colours and made its demands upon men's souls in terms which were deliberately and avowedly uncompromising and which were therefore unmistakably and unavoidably incompatible with the fundamental claims of the ancestral religion of Western Christendom.

Thus, in the Western World, the issue between Christianity and Tribalism was raised openly, after all, at the eleventh hour, before the Machiavellian creed had driven its adversary right off the field by the Fabian tactics of 'peaceful penetration'. At the time of writing in A.D. 1934, so short a time after this open battle had been joined, it was impossible to predict the outcome. It could only be said that the temporal as well as the spiritual prospects of the ancestral religion of the Western World were now decidedly better than they would have been if its adversary and would-be supplanter had been able to refrain, to the end, from resorting openly, in this spiritual contest, to those methods of barbarism which faithfully reflected its own inward spiritual essence.

In this crisis of Western history, the rôle of Hitlerism was to raise the issue between the principles of Tribalism and the principles of Christianity in an extreme form in one Western country which had acquired the status of a Great Power on the cultural as well as the economic and political plane of Western life. Through this special combination of circumstances, the National-Socialist Revolution of 1933 in Germany produced an effect in the Western World which had not been produced either by the Russian Communist Revolution of 1917 or by the Italian Fascist Revolution of 1922 or by the Japanese militarist Revolution of 1931. The German Revolution of 1933, unlike its post-war analogues in other countries, had the effect of raising the supreme issue of the age, not only in Germany itself, but also in all the other countries of the Western Society, whose peoples could not possibly remain unmoved by an upheaval of this magnitude in a country which lay so near as Germany to the heart of the Western World.<sup>1</sup>

<sup>1</sup> When Japan ran amok in the autumn of 1931, the majority of people in the Western World were unwilling to believe that any Japanese action could affect

This German Revolution perturbed the whole Western World not only for external practical reasons but for inward spiritual reasons as well. Hitlerism was a portent for Western observers outside the German frontiers not only because it revealed the truculent mood of a Germany who was potentially the strongest and actually the most aggrieved of the European Powers, but also because 'the Third Reich', as it took shape in Germany through the revolution of 1933, brought to light, by effect of exaggeration and caricature, the sinister elements which were latent in some degree in the modern

even the military and political fortunes of the Western Society—notwithstanding the fact that Japan was both a member of the League of Nations and one of the three principal parties to a balance of naval power which was as wide in its range as the combined area of the seven seas. *A fortiori*, they were untouched by any feeling that the spiritual fortunes of the Western Civilization were at stake in the simultaneous internal struggle in Japan between Liberalism and Militarism. On the former point, many Westerners changed their opinion two years later, after Herr Hitler had indicated that the Japanese, in driving a coach-and-four through the Covenant of the League, had opened a way along which German tanks and howitzers might eventually pass. On the religious point, on the other hand, most Western souls remained virtually indifferent to the victory of the ancestral tribe-worship of Japan over an imported and exotic Western Liberalism which was merely the political husk of Christianity without its spiritual kernel; and this Western indifference to a Japanese spiritual conflict was not surprising; for Japan, after all, was only a recent and a superficial convert to the Western Civilization; and, however momentous her actions might be for the outward fortunes of the Western World, it was difficult for Westerners to feel that their spiritual fortunes were here at stake. Western feelings were much more deeply engaged in the contemporary spiritual conflict, in the territories of the Soviet Union, between Communism on the one hand and a number of locally established universal religions—Christianity, Judaism, Islam and Buddhism—on the other hand. But Russia, like Japan, was only a convert to the Western Civilization and was not an original member of the Western Society (albeit she was an older convert and was the daughter of a sister Christian Civilization with the same ultimate historical background as that of the West). Western feelings were aroused, again, by the spiritual conflict in Italy which accompanied the Fascist Revolution; for Italy, unlike either Russia or Japan, was an integral part of the Western World, while, like Germany, she lay very close to this World's heart. At the same time, the actual excesses of the Fascist Revolution in Italy did not approach those of the other three post-war revolutions either in scale or in degree of atrocity; and though the Fascist version of the pagan doctrine of Tribalism was as shocking to Christian consciences as the Racialism of the Japanese militarists and the German National Socialists, or the class-warfare which was preached and practised by the Russian Communists, the ability of the Fascists to translate their theory into practice beyond their own borders was manifestly less considerable—in the measure of Italy's underlying physical inferiority to Japan and Russia and Germany as a military and political Great Power. For these reasons, the spiritual reactions, in other Western countries, to the Fascist Revolution in Italy were less vehement than might have been expected at first thoughts, and, such as they were, they grew weaker with the passage of time. Thus it was left for the National-Socialist Revolution of 1933 in Germany to stir the Western World as a whole to its spiritual depths.



Western institution of parochial sovereignty in every one of its local embodiments. Just as the inveterate disorder of post-war China magnified by distortion, as in a convex mirror, the identic malady of the oecumenical society of the age,<sup>1</sup> so the monomania and the fanaticism and the brutality of 'the Third Reich' threw a baleful light upon certain general tendencies of political development which were common to all Western polities in modern times; and this revelation caused searchings of heart among far-sighted observers in Western countries like Switzerland and Sweden and Holland and France and the United Kingdom and the United States which seemed far, at the time, from following this course out to its actual German goal.

In the mirror of 'the Third Reich', the modern Western neo-paganism revealed itself as displaying three outstanding features:

The first feature was its dogma that Mankind was to be classified on a newfangled criterion of physical race in place of the Christian classification by faith and works. This new classification was manifestly both less significant and less humane than the historic classification which it claimed to supersede: less significant because the colour of the skin or the slant of the nostril is a less important fact about any human being than his beliefs and behaviour; less humane because the leopard cannot change his spots nor the Ethiopian his skin, so that divisions based on marks of physical race are insurmountable, whereas the unbeliever and the evil-doer are never beyond reach of spiritual conversion so long as they live, so that divisions based on religious and ethical differences do not deny or rule out the ultimate unity of Mankind in the fatherhood of one Godhead.<sup>2</sup>

<sup>1</sup> See the *Survey for 1931*, pp. 395-6.

<sup>2</sup> In this matter of classification, Communism occupied a position of its own, part way between the Christian scheme on the one hand and the National-Socialist scheme on the other. Like National Socialism, Communism ostensibly rejected the Christian classification by temper and behaviour in favour of an external criterion: in the Communist scheme, the criterion of class. Yet, external though it was, the class-classification was not so perverse as the race-classification, inasmuch as it was neither wholly insurmountable nor invariably devoid of inward significance. The proletariat who, in the Marxian theology, were the predestined 'heirs of the Covenant' and 'children of the Kingdom', did not consist of either all of, or none but, the millions who happened to be born in the proletarian antithesis of 'the purple'. It was not the natural-born proletariat, but 'the class-conscious proletariat', that constituted the Marxian Communion of Saints; and a natural-born bourgeois, like Lenin or Trotsky or Engels or Marx himself, might become a class-conscious proletarian by an act of faith—or rather, according to strictly Orthodox Marxian doctrine, by a saving combination of the two equally essential qualifications of faith and works. Moreover, the 'totalitarian' class-state, which was the Communist's political ideal, differed from the 'totalitarian' national state, and resembled the

The second feature of 'the Third Reich' was the tacit repudiation of the God of the Christians, Jews and Muslims for a very different object of worship. The fetish of 'the Third Reich' was a supposedly pure and professedly superior 'Nordic' race which was equated in practice with the non-Jewish High-German-speaking fraction of the population of Continental Europe, both outside and inside the frontiers assigned to the German Reich in the Peace Settlement of 1919-20. It may be noted in passing that this dogma of a pure and superior 'Nordic' race—a conception which had been invented by a nineteenth-century Frenchman, de Gobineau, and had been popularized in pre-war Germany by a *fin-de-siècle* Englishman, Houston Stewart Chamberlain—was a pseudo-scientific hypothesis which had long since been discarded by modern Western ethnologists as their researches had come to show that the physical race of all known human communities was extremely mixed and that no correlation between physical race and spiritual grace could be established empirically.<sup>1</sup>

The third outstanding feature of the National-Socialist régime in Germany was the glorification of intolerance and violence and bloodshed, which were represented to the rising generation, by the Nazi propaganda, as splendid manifestations of 'Nordic' heroism, instead of being condemned as crimes or condoned as occasional and provisional and shameful and unhappy necessities. Within the frontiers of the Reich, this cult of violence was promptly put into practice, as soon as the Nazis found themselves masters of the state, in an active and wholesale suppression and persecution of political opponents and racial aliens. Political opponents included, for this purpose, not only the German Communists but the constitutional Social-Democratic sect of German 'Marxists'; all other existing political parties in Germany with the sole exception of the National-Socialists' momentary allies and partners the Nationalists; and also all German pacifists, whose offence was their internationalism, even if this were not combined either with Marxian theory or with any practical participation in German internal politics. Racial aliens or 'non-Aryans' meant, in practice, the Jews, who were indeed the

*Respublica Christiana*, in the supremely important feature of being *in posse* and *in velle* world-wide, instead of being narrowly parochial, as the race-states or nation-states were condemned to be intrinsically and *a priori*. It will be seen that the Communist form of the post-war neo-paganism was of a different species from that represented by National Socialism or Fascism or Shinto.

<sup>1</sup> In the Communist scheme, the rôle of being the Chosen People, which National Socialism assigned to 'the Nordic Race', was played by the Occumenical class-conscious proletariat of all races and climes.

only at all distinctive minority of any consequence which had been left, by the recent Peace Settlement, within the post-war frontiers of the German national state.<sup>1</sup>

This practical demonstration, at the expense of Jews and democrats within their gates, that their glorification of violence was to be taken in earnest, was perhaps the most ill-received, abroad, of all the Nazis' actions. The universal disapprobation which it aroused was for the most part quite spontaneous and disinterested; and it was as strongly manifested in the United States, a country which had little immediately to fear on its own account from Nazidom, as in any of the European *états limitrophes*. At the same time, Germany's European neighbours were compelled, by the importunity of the Nazis themselves, to put two and two together. For the Nazi propaganda made it a certainty that the Nazi cult of violence was of general application, and a natural presumption that the next objective of the Nazi policy, after the *Gleichschaltung* of everything inside the existing frontiers of the Reich, would be the incorporation of all High-German-speaking populations in Europe which were not, at this time, under the rule of the Government at Berlin. The inference was that the Nazi régime in Germany would have no scruple in principle, whatever course prudence might dictate in practice, against seeking to attain this next objective through the instrumentality of War; and it was observed that the Nazi persecution of 'Marxian' German Communists and 'non-Aryan' German Jews was not more merciless than the persecution of 'Nordic' German pacifists.<sup>2</sup>

<sup>1</sup> This cult of intolerance and violence, and its practical application in the persecution of dissenters, was the principal feature which National Socialism displayed in common with Communism—a significant point of similarity, since it was just in this point that the relapse into paganism betrayed itself most conspicuously.

<sup>2</sup> As a matter of fact, a direct study of the temper and outlook of the Nazi rank and file, after the advent of the Party to power, revealed to a foreign observer the *a priori* incongruous but empirically incontrovertible fact that, in these circles, at any rate, foreign conquest was not the direction in which the Nazi cult of violence was looking, at this time, for its outlet. For example, at a Nazi mass-meeting in the Ferbellinerplatz in Berlin, on the evening of the 8th June, 1934, the writer of this *Survey* heard one of the speakers, in his denunciation of 'the reactionaries', declaim that the reactionaries had involved Germany in the World War, whereas the foreign policy of the National-Socialist Party was a policy of peace. This point was applauded by the audience as vigorously as it was made by the speaker himself. In foreign ears, this passage was the more surprising inasmuch as Prince Max of Baden was bracketed with the ex-Kaiser and with Herr von Bethmann-Hollweg as one of three 'reactionaries' cited by the speaker in the same breath! Yet both the speaker and his audience were manifestly sincere. The truth was that the militancy of the Nazis was at this time directed almost entirely against their foes within their own German household; and this becomes easier to

These considerations were of immediate concern, in 1933, to every European country, outside the Reich, which contained any High-German-speaking minorities; and the list of such countries was a long one. In addition to the Saargebiet and to Austria (whose population was wholly High-German-speaking with the exception of a tiny Slovene minority in Carinthia), the list included Switzerland (in respect of the largest of the four different linguistic elements in her body politic), Italy (in respect of the South Tyrol), France (in respect of Alsace),<sup>1</sup> Belgium (in respect of Eupen and Malmédy), Denmark (in respect of a tiny residual minority of High-German-speaking residents in Northern Slesvik), and the U.S.S.R. (in respect of the scattered German settlements in the Ukraine and on the Lower Volga), as well as the East-European successor-states Poland, Lithuania, Latvia, Estonia, Czechoslovakia, Rumania and Jugoslavia. The sheer length of this list gives the measure of the dangers with which, on the face of it, the peace of Europe was beset after the victory of National Socialism, inside the existing frontiers of the Reich, in 1933; for it sums up the extent both of the anxieties of Germany's post-war neighbours and of the grievances of post-war Germany herself. This list, in fact, is eloquent of the extreme reversal in the relations between the nationalities of Continental Europe which the Peace Settlement had brought about. On the pre-war political map of Europe, the long-established political dominance of the German nationality in a greater Germany, and a far greater Austria, than the Germany and the Austria of 1933, had made the Germans the hereditary ruling element in every region of

understand when it is remembered that the National-Socialist Party was mainly recruited from the lower middle class, since, in all countries at this time, the range of vision of this class was notoriously narrow. For Germany's neighbours, this concentration of Nazi militancy upon the German home front was reassuring as far as it went. But unfortunately this consideration had to be qualified by another of at least equal weight. The myopic short-sightedness of the Nazi masses, which made it difficult for them to focus their militant feelings upon a distant object of hostility, had also the effect of making them peculiarly amenable to the suggestions of their leaders; and if these leaders chose at any time to direct the fury of the masses upon some foreign scape-goat, it was to be feared that the masses would docilely accept the lead.

<sup>1</sup> It should be noted, however, that Herr Hitler implicitly renounced any claim to the High-German-speaking parts of the former Reichsland when he declared publicly, in his speech of the 14th October, 1933, that, as between Germany and France, 'while claiming boldly those rights which the Treaties themselves have given us, I will say as boldly that there are for Germany no grounds for territorial conflict. When the Saar territory has been restored to Germany only a madman would consider the possibility of war between the two states, for which, from our point of view, there is no rational or moral ground.'

Europe in which Germans were intermingled with other nationalities, with the two exceptions of the Balticum and the pre-war territory of Hungary; and even in these two regions, where the local German inhabitants had to take second place, before the War, to the Russians and the Magyars respectively, they were then still in a privileged position vis-à-vis all other local nationalities (Rumans and Slovaks in Hungary and Letts and Ests in the Balticum). The dangers inherent in the abrupt reversal of the situation, which had been brought about in 1919-20, came to light in 1933 when the victory of the National-Socialist movement within the post-war frontiers of the Reich sent a thrill through all the German communities *in partibus peregrinorum*, even as far afield as North America and South-West Africa.

Thus, for all countries outside the Reich which contained High-German-speaking citizens and which were within striking distance of Germany if she were to recover her military strength, the conversion of the Reich into a 'totalitarian national state' under the ascendancy of the National-Socialist Party inevitably presented itself as a direct and a formidable menace. And even for countries which contained no German minorities and which happened to be situated beyond the furthest possible range of aircraft operating from bases in German territory, the transformation which Germany was undergoing in the year 1933 could not be a matter of indifference. It was true that, in his public speeches, dealing with foreign affairs, after his accession to office, Herr Hitler appeared to indicate that his ambitions for the enlargement of the borders of the German Reich were limited to the redemption of German populations at that time subject to alien rule, and that even this limited policy of national unification was not to be pursued through the instrumentality of force. The use of force was expressly repudiated in his speech of the 17th May, 1933, in reply to President Roosevelt's message of the 16th;<sup>1</sup> and in the same speech he intimated that, in insisting upon her own national claims, a National-Socialist Germany recognized the equal sacrosanctity of equally valid national claims on the part of other people. At the same time, the weight of such declarations as these was diminished by their patent and unreconciled inconsistency with a multitude of written and spoken pronouncements which Herr Hitler was 'on record' as having made before his investiture with the Chancellorship of the Reich—not to speak of the pronouncements, in this same unregenerate vein, which were still being made, whether officially or irresponsibly, by Herr von Papen,

<sup>1</sup> See p. 269 below.

Captain Göring, Dr. Göbbels, Herr Rosenberg and other persons who occupied important positions either in Herr Hitler's Government or in his Party Organization or in both at once. According to this other doctrine—in which National Socialism appeared to outsiders to be speaking its true mind more frankly—the German nation had a special and overriding right, in virtue of its superiority of race, to take to itself as much of the Earth's surface as it might judge to be necessary for its own national development, without consideration of who the existing owners and occupiers might be; and these professedly necessary and legitimate acquisitions could only be made by force if they were to be made at all, since the range of Germany's expansion here envisaged went far beyond the redemption of the German *terre irredente*, and it was only these German lost sheep who could be expected, even by National Socialists, to flock into the fold of 'the Third Reich' without coercion. This larger and more bellicose version of the National-Socialist programme was particularly taken to heart by the Government of the Soviet Union.<sup>1</sup>

In the last resort, 'the Third Reich' and its foreign policy (whatever this might eventually prove to be) were matters of concern to the whole living generation of Mankind throughout the World; for, under a previous régime, the German nation had already demonstrated in recent times—from 1871 to 1918—that it was a strong enough force to affect the whole life of the Great Society profoundly, for good or for evil. Under the now defunct Hohenzollern régime, Germany had inflicted vast suffering upon her neighbours and had brought still greater suffering upon herself; and to outside observers it appeared that 'Prussianism' had played this disastrous part in the World's history because it had partially succumbed to that false doctrine—the pagan worship of a parochial community—which was now being espoused wholeheartedly, and without reservations, by the 'post-Prussianistic' pagan faith of National Socialism. While 'Prussianism' had been an amalgam of half-heartedly avowed Machiavellianism with the ancient common tradition of Western Christendom, National Socialism was, or set out to be, an unalloyed and enthusiastic 'totalitarian' embodiment of the ideal of Tribalism; and a fervent repudiation of everything in the Christian tradition that was incompatible with tribe-worship was an article of faith and a point of honour with Adolf Hitler and his followers. Thus, in the revolution through which the National-Socialist Party became the ruling power in Germany, a creed which had been formulated academically by Machiavelli and applied discreetly by Frederick the Great

<sup>1</sup> For the effect on the Soviet Government's policy see pp. 174–83 below.

became the established religion of one of the potentially greatest of the Great Powers of the Western World. And this historic translation of the ideal of 'the totalitarian national state' into 'real life' occurred at a time when states of this mould and temper were capable of making greater havoc of Society than ever before. In 1933, the Great Society in which Mankind was then united on the economic plane was still divided politically between some sixty or seventy parochial sovereignties; the conscience and statesmanship of the World had not yet succeeded in abolishing the ancient institution of War, which was one of the traditional relations between one parochial sovereign state and another; and the same generation which saw the neo-pagan worship of parochial sovereign states carried to 'totalitarian' extremes 'in real life' in the shape of 'the Third Reich', had also been doomed to see 'totalitarian states' armed for mutual destruction, as they had never been armed before, by the simultaneous advent of 'totalitarian warfare'.

While Niccolò Machiavelli's underlying conception in *The Prince* found its naked fulfilment in Hitler's 'Third Reich' after having gradually leavened—or poisoned—the political life of the Western World over a period of some four centuries, it had taken no longer a time to translate 'into real life' Leonardo da Vinci's dream—which had seemed so far more visionary, and so much less shocking, to his contemporaries—of a lucrative practical application of the theoretical discoveries of Physical Science.<sup>1</sup> By the year 1933, Messer Leonardo's dream, as well as Messer Niccolò's vision, had been triumphantly achieved. 'The cornucopia of the engineer' had 'been shaken over all the Earth, scattering everywhere an endowment of previously unpossessed and unimagined capacities and powers';<sup>2</sup> and mechanically and inevitably, pending the abolition of War, this magical enhancement of driving-force had entered into the art of War as well as into the arts of peace. In the industrialized and democratized world of A.D. 1933, it was recognized that, in any future war, the total material and spiritual resources of all the men and women in each of the belligerent countries could, and therefore would, be

<sup>1</sup> See the extracts from Leonardo's note-books collected under the heading 'La Science' in *Léonard de Vinci: Textes choisis . . . Par Péladan* (Paris, 1908, Société du Mercure de France); e.g.: 'La science est plus utile dont le fruit est plus communicable, et aussi la moins utile est celle qui est moins communicable.' 'La science instrumentale ou mécanique est la plus noble et s'élève au-dessus de toute autre par son utilité.' 'La mécanique est le paradis des sciences, parce que, avec elle, on vient au fruit mathématique.'

<sup>2</sup> Address delivered at York, on the 31st August, 1932, at the opening of the hundred and first annual meeting of the British Association for the Advancement of Science, by the President, Sir Alfred Ewing.

mobilized for the conduct of hostilities.<sup>1</sup> In this matter, the wheel of social change had come round full circle; and its completed revolution had obliterated those hardly won and jealously guarded distinctions between civilians and combatants, and between the 'politeness' of the civilized soldier and the ferocity of the savage warrior, which had seemed, to eighteenth-century Western minds, to be the essential and at last secure differentia between Civilization and Barbarism. In the Western Society of A.D. 1933, as in the primitive society to which the Nazis pedantically traced back their own physical and spiritual ancestry, every adult male and female member of any belligerent community was practically a combatant, and therefore morally a legitimate target for hostile military operations; and at the moment when the general progress of Applied Science had realized Leonardo's materialistic dream in this unexpected and sinister way, the particular achievement of Leonardo's favourite fancy—the enlargement of Man's physical capacities by the invention of a flying-machine—had placed it within the power of any belligerent to avail himself in practice of his newly conferred moral right to wage war upon the entire population and equipment of the enemy country, without distinction between civilians and combatants. With the conquest of the air, the range of warfare was extended at one bound from the traditional two-dimensional field on the land and water surface of the planet, in which battle had been joined between fleets or armies along linear 'fronts', into a novel three-dimensional field in which bombing-planes, operating from the air, assailed, not enemy 'lines', but enemy 'areas'—that is to say, as large a part of the surface of the enemy country, including all the life and all the apparatus borne upon it, as could be reached by air operations from the assailant's air-bases. This was 'the totalitarian warfare' which 'the totalitarian national state' found ready to its hand.

Nor was the bombing-plane the deadliest weapon that Applied Science had placed at a 'totalitarian national state's' command. The business ability of the modern Western World had turned to practical account—in the first instance, for private commercial profit—the two technical inventions of printing and railways, and the social achievement of universal primary education, in order to create—out of an artful assemblage and combination of these disparate materials—the modern popular press with its wide distribu-

<sup>1</sup> This recognition had been translated into legislative terms, in the country which was the greatest military Power in the post-war World, in the shape of the French law of 1928 for the general organization of the nation in war-time (see the *Survey for 1927*, pp. 2-3).



tion, its vast circulation, and its financial dependence upon the advertiser rather than upon the reader: a financial basis which made it possible to place such newspapers upon the market below cost price on condition that they maintained a circulation, by catering for popular tastes, which would enable them to command a profitable price for their advertising space. The commercial principles of the modern newspaper had been applied in many countries (with a conspicuous exception in the United Kingdom) to the more recent invention of wireless broadcasting. And the combined effect of Western scientific inventiveness and Western business ability had been to make the dissemination of news and the influencing of opinion in communities which embraced many millions of human beings more effective than it had been, in the pre-industrial age, within the narrow range of a single walled city or a single rural hamlet.

This technically admirable performance of a difficult and complicated social service by the automatic working of an untrammelled search for private commercial profit had seemed to nineteenth-century observers to be one of the signal justifications of the contemporary social philosophy of *laissez-faire*. But in the last decade of the nineteenth century the first generation in the modern Western World to grow up literate *en masse* reached the wage-earning age and promptly made the fortunes of the newspaper-kings who catered for this vast new market by creating 'the yellow press'; and this disconcerting portent opened the eyes of all men of goodwill to a previously unexpected social danger. It now became apparent that, in a society which had swollen to the material dimensions of the latter-day Western World, the indispensable mental intercourse between its members could only be maintained through an elaborate and costly apparatus, and that this apparatus was capable of being turned into a monopoly which could be handled as potently for evil as for good.

At the moment, it seemed the worst possible public misfortune that this monopoly should actually have been acquired by private profiteers; but the General War of 1914-18, which brought home in startling ways the evil of a modern press under irresponsible private control, revealed the still graver possibilities that might follow if the press, and all the other modern apparatus of mental communication, were taken out of the hands of private capitalists by the Governments of national states. For the Governments—with their existing command of primary education and of coercive force—were capable of carrying the monopoly of the newfangled news-disseminating and opinion-forming apparatus to further extremes than the most gifted

and powerful private entrepreneur could aspire to reach. In the War of 1914-18, every belligerent national Government assumed a dictatorial command over the newspapers, telegraphs, telephones, cables and wireless within its domain for the deliberate purpose of using all these means of mental communication in order to defame its enemies, and to maintain the will to war in the hearts of its own subjects, by a spate of governmental propaganda; and in all countries this war-time psychological weapon proved to be remarkably effective in one way or another. In the hands of the Allied Governments, who controlled the sea-routes and the oceanic cables, propaganda successfully blackened the face of Germany in the sight of the Overseas World; in the hands of the German Government, propaganda maintained the war-spirit of Germany through four years of moral isolation by blinding the German nation to the fact that world-opinion was against Germany and to the truth that *securus indicat Orbis Terrarum*.

This efficacy of propaganda for political purposes, which had been revealed by the War, was taken to heart, and taken full advantage of, by every one of those men of political genius who became the dictatorial creators of 'totalitarian states' during the post-war years. Lenin, Mussolini and Hitler alike were consummate propagandists who thoroughly understood the importance of the art and the ways and means of turning it to practical account for their own particular political purposes. In fact, the political fortunes of the dictators of the 'nineteen-twenties' were founded on the same basis as the monetary fortunes of the newspaper-kings of the 'eighteen-nineties';<sup>1</sup> and this largely explains the imposing political success of the dictators in an age when the general note of politics was one of frustration and failure. It may be added that the rare contemporaries of the post-war dictators—a President Roosevelt or a Mahatma Gandhi—who achieved a comparable success in political or religious leadership without resorting to the dictators' violent methods, did display, in common with the dictators, that genius for propaganda which perhaps, even more than physical force, was the ultimate basis of the dictators' power.

The histories of the post-war dictatorships showed that the mono-

<sup>1</sup> It might perhaps be argued that this change in the ownership of the instruments of propaganda was a moral gain, inasmuch as the political purposes for which these instruments were used by the dictators were morally less despicable than the newspaper-kings' pursuit of filthy lucre. Yet, even if the new owners of the propaganda-machine might pass as personally more respectable, the social effect of the change might still be to the bad, if it were granted that propaganda was an evil in itself and that, in the dictators' hands, this evil was greatly increased in potency.

poly of the machine-age instruments of mental communication was at least as potent a weapon as the monopoly of machine-guns in breaking opposition and in preventing it from reasserting itself. Indeed, the eventual dictators would never have reached the point at which the monopoly of physical weapons came within their grasp if their genius in the use of psychological weapons had not won them their way to the conquest of material omnipotence. By the preliminary drum-fire of propaganda, the opposing political forces were disorganized before the physical revolutions were made; and, when once the revolutionary Government was installed and its dictatorship fully established, the momentarily discomfited opposition was paralysed for the future by being deprived of the modern social nervous-system in default of which the left hand could no longer know what the right hand was doing. In a Fascist Italy or a National-Socialist Germany, the members of the opposition could not maintain a party press or hold a public meeting or even keep in touch with one another through the postal and telephone service without their communications being observed and intercepted by the ubiquitous eyes and ears of 'the totalitarian state'. And, when thus deprived of the modern material apparatus of communication, the men and women of the Machine Age were effectively isolated from one another, since the latter-day Western *homo mechanicus* had suffered the misfortune of those species of fish that have lost their sight through living in the darkness of a subterranean habitat. The defeated opponents of a Mussolini or a Hitler no longer possessed that primitive human 'sixth sense' through which news and views were still mysteriously conveyed, with little less than the speed of wireless, among twentieth-century African and Asiatic 'Natives'; and accordingly these Westerners who had been placed, through a political revolution, in the 'Native's' political situation found themselves politically helpless in a predicament for which they were socially unfit.

It will be seen that the command of propaganda and of education, in the widest sense of both these terms, was an indispensable foundation and safeguard for the post-war dictators' 'totalitarian' political powers; and it was this that made a conflict inevitable between the post-war 'totalitarian' states and their subjects' ancestral Churches—even in Italy and Germany, where a conflict was not desired on either side, as well as in the Soviet Union, where the local version of the new paganism appears to have been more deliberately militant. The conflict was inevitable because the new pagan authority claimed exclusive jurisdiction—and could not claim less without placing its own future in jeopardy—in a sphere of life in which the Churches,

on their side, could not disinterest themselves without denying their own meaning and purpose and thereby virtually signing their own death-warrant. In Italy and Germany, as well as in Russia, the new pagan authority took up the position that the proper field of ecclesiastical activity was limited by the walls of consecrated buildings and its proper scope by the liturgical exercises performed therein, and that, outside the church-walls and the hours of church-service, the church-members belonged, body and soul, to the 'totalitarian states' that claimed them as their subjects. This claim could not be accepted by the Churches, which had won and held the allegiance of their members by concerning themselves with the whole field of human life. The consequence was an acute conflict of jurisdiction which brought home to every religious man, woman and child, in each of the countries in question, the truth of the saying that no man can serve two masters.<sup>1</sup>

The conflict, as it developed in Russia, Italy and Germany, was chequered by prudent pauses and provisional compromises; but at the time of writing it had not been either eliminated or resolved in any one of the three countries;<sup>2</sup> and the strategic point in the spiritual battlefield over which the struggle was fiercest was the moral education of the rising generation. On both sides it was realized that whoever retained possession of this point would be the ultimate winner of the battle, because the moral education of the young was the key to the command of the future; but here any genuine and lasting compromise was impossible, because, in each country, the two schemes of life which were in conflict were irreconcilable, so that every child must learn either to hate the one and love the other or else to hold to the one and despise the other. God and Tribalism could not both be served.

In one or other or all three countries, the conflict involved a majority of the historic living religions: Christianity, Judaism, Islam, Buddhism; and, at the time of writing, each of these religions was fighting for its life in Italy or Germany or Russia in its own traditional way. In observing the conduct, and estimating the prospects, of Christianity, which was the religion principally concerned, it was to be remembered that the Christian Church had originally proved its mettle, and won its hold over the hearts of Mankind, by resisting to the death the pretensions of a pagan state of an earlier age. This

<sup>1</sup> Matt. vi. 24.

<sup>2</sup> For the chapters of the conflict between the Fascist State and the Catholic Church in Italy which ended in the Lateran Agreements of 1929, see the *Survey for 1929*, Part V. The corresponding conflicts in Russia and Germany will be dealt with in a later volume.

precedent was of good augury, because the Roman Empire, which had been the first state to expose itself to defeat by confronting the Church with a pagan challenge, had been more powerful, more beneficent, and more temperate than any of the parochial pagan states of a latter-day Western World. The Roman Empire had been more powerful than a latter-day Western national state because it had been an oecumenical power, without a rival in its own world, and more beneficent because it had conferred on that world the immense social boon of peace after centuries of war and revolution. It had been more moderate because the act of worship which it had demanded from the Christian Church had been an external formality and not a 'totalitarian' surrender of body and soul. Nevertheless, the Roman Imperial authorities' requirements had been rejected by the Church; and, in an ensuing conflict in which the Empire appeared to have irresistible force at its command, the Church and not the Empire had won the victory.

This was a good omen for the ultimate outcome of the similar conflict which was being forced upon the Christian Church in the twentieth century. At the same time, this twentieth-century conflict was likely to be stubborn because the Fascist and Communist and National-Socialist paganism was both more formidable and more admirable than the Roman paganism in one vital respect. Whereas the paganism of the governing class in the Roman Empire, as exemplified in a Gallio or a Pliny, was of the same cool Laodicean temper as the *êthos* of the governing class of Western Europe in the eighteenth century, the paganism of the twentieth-century mass-movements was distinguished, for good as well as for evil, by an element of naïvely sincere enthusiasm which would have been equally distasteful to Marcus Aurelius and to Edward Gibbon. The astonishing practical success which these neo-pagan movements had achieved in capturing the imaginations and affections of masses of young men could not have been brought about either by the arts of propaganda or by the argument of force, if physical violence and psychological suggestion had not found a latent fund of dynamic idealism to work upon. The truth seems to be that the enlightened scepticism of the eighteenth-century *élite*, as it had gradually worked its way downwards, in the course of the nineteenth century, into the minds and hearts of the lower middle and the working class, had produced an immense and intolerable spiritual void—with the consequence that any new spiritual force, however primitive and crude, could count upon a welcome in the house thus swept and garnished. Viewed with a sympathetic eye, the neo-pagan movements might be regarded as

a pathetic effort, on the part of twentieth-century Western Youth, to begin again, from the bottom, the ascent of the spiritual ladder, by setting its foot clumsily on the lowest rung. The tragedy of the Western World, in this age, was its division against itself through a conflict between an ancestral Church which had lost its hold over the masses, and a generation which had gone a-whoring after false gods under the delusion that it was recapturing its lost spiritual birthright.

(b) THE SITUATION ON THE EVE OF THE GERMAN  
NATIONAL-SOCIALIST REVOLUTION OF 1933

With this wider background and prospect in mind, we may proceed to examine the immediate antecedents of the German National-Socialist Revolution of 1933, the course of the Revolution itself, and the changes which these events in Germany produced on the international situation.

If the international position of Germany on the 30th January, 1933, when Herr Hitler came into power, be compared with her position on the 10th January, 1920, when the Versailles Treaty came into force, it will be seen that, during the intervening thirteen years, Germany had made substantial progress towards the recovery of that moral and material position in the World which she had enjoyed before the War. It will also be found that, if Germany's victorious opponents are to be held responsible for the obvious elements of inequity, vindictiveness and unwisdom in the terms of peace, they are also entitled to credit for the considerable mitigations of these terms which they had afterwards accorded voluntarily to their defeated adversary during these years when Germany was incapable of extorting concessions because she remained still prostrated by the shock of defeat. For example, the evacuation, by the Allied military forces, of the occupied German territory in the Rhineland had been completed on the 30th June, 1930: that is to say, fully four and a half years in advance of the latest date contemplated in the Versailles Treaty for the evacuation of the third of the three zones into which the occupied territory was dissected in Article 428.<sup>1</sup> Again, a virtually final liquidation of German Reparations had been negotiated between Germany and the creditor Powers at the Lausanne Conference of 1932, at a time when Germany's ex-opponents in the War had not yet succeeded in obtaining release from their own War Debts to their ex-associate the United States.<sup>2</sup> On the other hand, during these

<sup>1</sup> See the *Survey for 1929*, Part III, section (i).

<sup>2</sup> See the *Survey for 1932*, Part II, section (i).

thirteen years, the unilateral disarmament which the Peace Treaty had imposed upon Germany had not been modified either by a reduction of anything like the same order of magnitude in the armaments of the victors or by a relaxation of the veto upon German re-armament;<sup>1</sup> and the eventual revision of the territorial terms of the Peace Settlement, which had been contemplated in the nineteenth article of the Versailles Treaty (Article 19 of the Covenant of the League), had not yet come within the range of practical politics.

Thus, at the turn of the years 1932 and 1933, at the beginning of the fourteenth year of the Versailles Treaty régime, Germany stood politically part way between the two poles of penalization and reinstatement; and her position could be viewed in different lights which, in turn, would give different colours to the National-Socialist Revolution which now supervened. To a German observer who concentrated his attention upon the severity of the peace-terms and upon the distance which Germany still had to travel, even after the lapse of thirteen years, before her reinstatement would be complete, the National-Socialist Revolution might wear the appearance of a belated eruption of righteous national indignation on the part of an unprecedentedly and unprofitably long-suffering people. As a proof that Germany had waited too long, and waited in vain, for a change of heart and a rendering of justice on her late opponents' side, the convinced German National Socialist would point to the long intransigence of the French, through all the leisurely proceedings of the Preparatory Commission for the Disarmament Conference and the first bout of the Disarmament Conference itself, in declining to consider, in the field of armaments, any readmission of Germany to equality of status. And, while admitting that, on this point, the French had at last conceded Germany's claim in principle,<sup>2</sup> he would have pointed to the peremptory and effective veto which had quashed the project for an Austro-German customs union in the year 1931 as a striking recent proof that the victors were still resolved to deny to the vanquished nations, for an indefinite time to come, the benefits of that sacred principle of national self-determination which the victors had inscribed on their banners in the War and had implemented in the Peace Settlement for the benefit of themselves and their satellites. On the other hand, a French observer who con-

<sup>1</sup> In the matter of German re-armament, however, it could at least be said that, since the final liquidation of the post-war Inter-Allied Control on the 31st January, 1927 (see the *Survey for 1927*, Part II A, section (c)), the former Allied Governments—whether through tact or through inertia—had turned a blind eye to the indications that Germany was perhaps no longer strictly observing her Treaty engagements.

<sup>2</sup> See the *Survey for 1932*, pp. 288-9.

centrated his attention upon the successive re-encroachments of reactionary forces in the internal life of Germany during the fifteen years following the German Revolution of 1918, might argue, with equal vehemence and equal bitterness, that the German national character was incorrigible. This Frenchman might maintain the thesis that the whole Weimar régime had been a sham; that, behind this democratic and pacific mask, the German nation had set itself to evade and undo the Versailles Treaty before the ink of the German plenipotentiaries' signatures was dry upon the parchment; that, having successfully got rid of the Reparations Chapter of the Treaty as a start, the Germans had next turned all their batteries upon the Disarmament Chapter in order to demolish this in similar fashion; and that they had lost no time in changing over from the tactics of chicane to the tactics of militancy as soon as the completion of the evacuation of the Rhineland had assured them that they could show themselves militant with impunity. In support of this thesis, our hypothetical French observer would make a *confrontation* between two dates: the 30th June, 1930, on which the evacuation of the Rhineland was completed, and the September of the same year, when, in a general election to the German Reichstag, the Nazis made a sensational advance by capturing 18½ per cent. of the seats, as against the 3½ per cent. which they had held before.<sup>1</sup>

Were either of these partial views tenable? Could Herr Hitler and his followers in Germany be fairly accused of a calculated disingenuousness in waiting until it was safe to come out into the open? Or could Monsieur Poincaré and his followers in France be fairly accused of a calculated cynicism in withholding steadily, from a prostrate Germany, such rights as had been morally, if not juridically, assured to her in the Peace Settlement? An impartial observer will perhaps be inclined to pronounce that both accusations go too far in attributing deliberate malignity and misconduct to the prisoner in the dock. The pair of dates in the year 1930 which look so sinister to the Frenchman's eye may be judged, by a more detached observer, to be the unhappy product of a fortuitous coincidence. It seems indeed, improbable that either Herr Hitler or Monsieur Poincaré was ever in a position to act with the long-sighted rational Mephistophelian deliberation which these two statesmen's foreign enemies respectively ascribed to them. In reality Monsieur Poincaré, to a hardly lesser extent than Herr Hitler, was usually acting on a short view in order to satisfy some exigent momentary demand of the parochial popular opinion of his own country. In fact, the untoward tendencies

<sup>1</sup> *Survey for 1930*, pp. 7-8.



of the post-war years, which came to a head in the German National-Socialist Revolution of 1933, were largely the mechanical effect of the partition of the Great Society of the day into sixty or seventy parochial sovereign states in each of which the local sovereign Government was both the slave and the master, the creature and the creator, of the wayward local popular caprice.<sup>1</sup>

Be that as it might, a detached observer could report, with some assurance, that the tide of international affairs was flowing perceptibly and steadily in Germany's favour on the eve of the German Revolution of 1933, as it had been flowing on the eve of the General War of 1914-18; and in this case, as in that, he would perhaps hazard the guess that the change of currents which was brought about by a sudden demonic 'troubling of the waters' was by no means to Germany's advantage.

At the turn of the years 1932 and 1933, the international situation was favourable to Germany in several respects. The German entente with Russia, the second 'de-classed' Great Power of the post-war world, had survived all the *contretemps* by which it had been disturbed<sup>2</sup> since its origin at Rapallo in 1922,<sup>3</sup> and was continuing to bring Germany valuable economic as well as political returns. Germany could likewise count upon the goodwill of Italy, who had decided, since the morrow of the Armistice, to class herself among the disinherited Powers, and who was drawn towards Germany by her consuming jealousy of France. A triple *rapprochement* between Germany, Italy and Russia had begun to take definite form during the sessions of the Preparatory Commission for the Disarmament Conference, when these three Powers had repeatedly found themselves voting together on one side against France and her East-European satellites on the other;<sup>4</sup> and this grouping of European Powers seemed to portend the formation of an anti-French *bloc* in which Germany would find her hands strengthened by the support of two powerful associates. If Continental Europe did redistribute itself into these two new opposing camps, then the post-war hegemony of France would be seriously challenged; and it would be challenged with all the greater prospect of success inasmuch as, in such a situation, it seemed likely that an anti-French *bloc* would be able to count upon the neutrality, not only of those smaller Continental countries that had succeeded in maintaining their neutrality during

<sup>1</sup> On this point, see the *Survey for 1932*, pp. 176-7.

<sup>2</sup> See the *Survey for 1924*, pp. 214-17; the *Survey for 1925*, Vol. II, pp. 63-6, 255-6; the *Survey for 1927*, pp. 301-15; and the *Survey for 1930*, pp. 125-6.

<sup>3</sup> See the *Survey for 1920-3*, pp. 30-1.

<sup>4</sup> See the *Survey for 1930*, Part I (iv).

the late War, but also of the English-speaking countries, whose participation in the War of 1914-18 on the anti-German side had been the decisive factor in Germany's eventual defeat.

Since the morrow of the Armistice of 1918, British and American feeling—and this in 'official circles' as well as among the uninstructed public—had become increasingly irritated and alienated by apparent French intransigence; and, at the beginning of the year 1933, the prevailing inclination in the United Kingdom, as well as in the United States and in the self-governing Dominions of the British Crown overseas, was to go to the furthest possible lengths in holding aloof, for the future, from any Continental European entanglements. It was felt at this time, in the English-speaking countries, that if a fresh explosion were unhappily to occur on the European Continent, the main burden of responsibility would lie upon the shoulders of France, since France had had the last word in post-war Continental politics and had invariably raised her decisive voice in order (as the English-speaking peoples saw it) to 'ask for trouble'. These 'Anglo-Saxon' critics of French policy were sore at the proneness of post-war French statesmanship to ignore post-war 'Anglo-Saxon' opinions and representations in regard to what appeared, in 'Anglo-Saxon' eyes, to be the path of common sense in Continental politics. At this date, these 'Anglo-Saxon' critics seldom reflected that it was hardly reasonable to expect that their academic views should carry weight in a field of affairs in which they insisted upon repudiating practical responsibilities. And the English-speaking inhabitants of Great Britain, in particular, thrust out of their thoughts the unpleasant consideration that the most ardent *a priori* resolve, on their part, to keep out of future European wars was mocked by the recent invention of flying, which had extended the theatre of warfare from the land and the sea to the air and had thereby welded Great Britain on to the Continent. Yet, however irrational these 'Anglo-Saxon attitudes' might be, they were a vastly important psychological and political fact—and a fact which was patently to Germany's advantage.

Finally, the disposition of the smaller European peoples was likewise to Germany's advantage, on the balance. The feeling of the English-speaking peoples was shared by the Spaniards, the Dutch and the Scandinavians (not excluding the Danes, who had suffered from Prussian militarism in the nineteenth century and had obtained some redress in the Treaty of Versailles). In the post-war Austrian Republic, an increasing number of German-Austrians of almost all parties were looking forward (though this perhaps in a spirit of

resignation rather than enthusiasm)<sup>1</sup> to an eventual *Anschluss* of Austria to the German Reich—in despair of finding any other practical issue out of the grievous predicament in which the *ci-devant* metropolitan district of the Danubian Hapsburg Monarchy had been placed by the Peace Settlement. As for the other lesser survivors of the defeated Central Alliance, Hungary and Bulgaria were both still looking to the future recovery of their old ally Germany, as well as to the present help of their new friend Italy, to secure for them that revision of the territorial peace-terms which they could not bring themselves to renounce. These inextinguishable Magyar and Bulgar aspirations to recover the Hungarian and Bulgarian *terre irredente* had, of course, evoked a formidable counter-organization, among the sated ‘successor states’, in the shape of ‘the Little Entente’. But the strength, in unity, of ‘the Little Entente’ was diminished by the fact that its several members were distracted from their common concern about Hungary and Bulgaria by a number of pressing private anxieties. Rumania had her private quarrel with Russia over Bessarabia, and Jugoslavia hers with Italy over the Adriatic, while even Czechoslovakia, whose amicable relations with Germany since the Peace Settlement had been a credit to both parties, could not forget that the German minority within her own frontiers not only constituted about a fifth of her own population but was also the largest German community, outside the post-war frontiers of the Reich, under the rule of any single state of non-German nationality. It will be seen that the strength, through unity, of ‘the Little Entente’ might be more than out-balanced by the common interest, which the existence of ‘the Little Entente’ proclaimed, of Germany, Italy and Russia with one another, as well as with Bulgaria and Hungary. It will also be seen that, in general, the situation of Germany in Europe, on the eve of the National-Socialist Revolution inside the Reich, was by no means desperate from the German standpoint.

#### (c) THE COURSE OF THE NATIONAL-SOCIALIST REVOLUTION

Within the limits of this *Survey*, the history of the National-Socialist Revolution in Germany in the year 1933 cannot be recorded at a length proportionate to the intrinsic interest and importance of the event itself, or even proportionate to the scale of treatment of the other transactions here dealt with. Indeed, this German Revolution, being an internal affair of one single country and not an international transaction in itself, would properly fall outside the

<sup>1</sup> See the *Survey for 1931*, pp. 299 and 323.

scope of this *Survey* altogether, if it were not that the internal affairs of Germany in 1933, like those of China since 1925, were so closely intertwined with the network of international relations that the latter could not be comprehended if the former were ignored. Without some account of the German National-Socialist Revolution, a survey of international affairs in 1933 would be unintelligible, and therefore this narrative cannot be omitted. It must, however, be compressed into a brief compass.

When the Nazis proceeded to make themselves masters of the whole life of Germany after the appointment of Herr Hitler to the Chancellorship of the Reich on the 30th January, 1933, the World was not only outraged at the ruthlessness and brutality of the methods by which the victorious movement asserted its will, but was also taken aback at the dynamic release of an unsuspected energy which swept away ancient institutions and carried reputedly impregnable positions by assault. The Communists, the Social-Democrats, the Pacifists, the Catholics, the Protestants, the *Länder*, and even the Nazis' own Nationalist allies—not to speak of the Jews, who, as a numerically insignificant minority, were easy victims of terrorism—all appeared to be carried away in a common rout; and although some of these forces—for example, the Nationalists and the Churches—proved not, after all, to have been driven off the field when the dust of the first mêlée had settled down and the results of the Nazis' offensive could be more accurately registered, it was nevertheless manifest that, in these first six months, the new masters of the Reich had succeeded in carrying out their revolutionary programme of *Gleichschaltung* far enough to have changed the whole face of German life. This sweeping Nazi victory took the World by surprise, although the Nazi Movement had already caught the attention, and aroused the apprehension and hostility, of foreign observers at the time of the German general election of September 1930, more than two years before Herr Hitler's eventual accession to office, and although the parliamentary democratic régime of the Weimar Constitution had been manifestly in disintegration since—if not already before—the dismissal of Dr. Brüning from the Chancellorship on the 30th May, 1932. The fact was that, from the morrow of Dr. Brüning's fall until the eve of Herr Hitler's triumph, the receivership of the bankrupt German experiment in Western parliamentarism seemed to be firmly in the hands of the old Prussian governing class, whose own previous bankruptcy in the *débâcle* of 1918 had given the parliamentary experiment its opening. During those eight months of German political history, the star of National Socialism, as well as the star

of Parliamentary Democracy, appeared to be on the wane; and while the prospective return of the *ci-devant* Prussian governing class to their pre-Armistice position of ascendancy in Germany was unwelcome to the Governments and peoples of the majority of those countries, outside Germany, in which German affairs were a matter of concern, a Junker-ridden Reich was at any rate a familiar spectacle which did not threaten to present the World with any startling surprises. Hence the sensation that was produced abroad when Herr Hitler eventually took the power out of the Junkers' hands—almost, it would appear, with the Junkers' own connivance—in order to erect his National-Socialist 'Third Reich' upon the ground which the Conservatives had partially cleared, for their Nazi successors' convenience, by their pioneer work in demolishing 'the Weimar System'.

In this preliminary attack upon the parliamentary régime, the first stroke was struck by President Hindenburg when he made the Chancellorship untenable for Dr. Brüning on the 30th May, 1932, and appointed Herr von Papen—a Westphalian Catholic Junker who was a renegade from Dr. Brüning's own party—to succeed Dr. Brüning on the 2nd June.<sup>1</sup> On an external view, President Hindenburg's conduct from this time onwards appears strangely at variance with the character which he had consistently displayed, in the prime of his old age, from the moment when he took command in East Prussia on the 22nd August, 1914, until after his second election to the Presidency of the Reich through the successive ballots of the 13th March and the 10th April, 1932. His desertion, less than six weeks later, of Dr. Brüning, who had done more than any other, single man to secure his re-election, bears the appearance of a monstrous act of ingratitude. His indulgence towards his own nominee Herr von Papen's flagrant violations of the Constitution which the President had sworn to uphold is difficult to reconcile with the proven tenderness of the President's conscience in regard to his presidential oath on previous occasions. And his acquiescence in Herr Hitler's claim to the Chancellorship, when this claim was sponsored by Herr von Papen on the 30th January, 1933, is in extraordinary contrast to his brusque rejection of the claim at the personal interview which he had deigned to give to Herr Hitler, for

<sup>1</sup> Apologists for President Hindenburg and Herr von Papen, or critics of Dr. Brüning, might argue, with some plausibility, that the beginning of the disintegration of 'the Weimar System' must be dated earlier than the moment of Dr. Brüning's fall, and must be traced back to Dr. Brüning's own expedient of keeping the Reichstag perpetually in recess and governing through a series of *Notverordnungen*. This would not, of course, imply that Dr. Brüning was free to act otherwise than he actually did.

the first time, on the 13th August, 1932. On the 23rd November he had rejected Herr Hitler's demands again, on the explicit ground that the powers upon which Herr Hitler was insisting would transform the Chancellorship into a dictatorship. Whatever the explanation of the apparently abrupt metamorphosis of President Hindenburg's character may be, it was undoubtedly a factor of first-rate importance in the launching of the German political avalanche of 1933.

On the 20th July, 1932, Herr von Papen struck a new and ominous note in the politics of the Weimar Republic by unconstitutionally setting aside the Prussian Government and appointing a *Reichskommissar* in its stead. This act was an essential step in a counter-revolution, since the Prussian Government was one of the post-war strongholds of the moderate parliamentary parties; and the step could not be taken constitutionally, since the parties which this Government represented were in a permanent majority in the Prussian Landtag. The ejected Prussian Government appealed to the Supreme Court of the Reich; and on the 27th October, 1932, the Court gave judgment substantially in the Prussian Government's favour; but Herr von Papen was able, with impunity, to let this judgment remain a dead letter.

While Herr von Papen was asserting himself in this fashion, Herr Hitler was suffering a set-back—and this in the terms by which the Nazi leader himself had chosen to measure his own progress. For several years past, Herr Hitler had been hypnotizing the German public into believing in his star by advertising the successive increases in the Nazi vote in local and national elections—in the same spirit in which a popular newspaper would advertise the increases in its circulation. On certain occasions the Nazi gains had been sensational: for instance in the Reichstag elections of September 1930, in which the Nazis achieved an advance from 12 seats to 107. In the Reichstag elections of the 30th July, 1932, the Nazis won 37·4 per cent. of the votes cast and thereby raised their number of seats to 230, as against Communist winnings of 14·5 per cent. of the votes and 89 seats. But though this made the Nazis into the strongest single party in the Reichstag, it did not give them an absolute majority; and at the next general election, on the 6th November, their figures fell off, while the Communists' figures improved. On this occasion the Nazis' percentage of votes fell from 37·4 to 33·1, whereas the Communists' percentage rose from 14·5 to 16·9; and the Nazis now found themselves in possession of only 196 seats against the Communists' 100. By the 4th December, 1932, when General von Schleicher accepted

the Chancellorship after Herr von Papen's resignation on the 17th November, foreign observers in Germany found a wide-spread belief among their German acquaintances that von Schleicher was the man of the hour, and that his tenure of office was likely to be long and tranquil in a country which was tired of political alarms and excursions and which desired above all things to concentrate its attention and energy upon the battle with the economic crisis. The most frequent verdict upon the Nazis was that they were 'down and out'; and whatever reading might be taken of their political horoscope, it was manifest to the eye that they were in financial straits. As the writer of this *Survey* went about the streets of Berlin on the day on which General von Schleicher took office, his eye fell, at every street corner, upon dejected-looking young men in brown shirts rattling money boxes timidly, and without response, in the faces of unheeding passers-by. This was a strange prelude to the denouement which followed, less than two months later, when Chancellor von Schleicher fell on the 28th January, 1933, and Chancellor Hitler took office on the 30th with Herr von Papen as Vice-Chancellor and *Reichskommissar* for Prussia.

The secret history of German internal politics during the twenty-seven days of January 1933 which ended with the formation of this Hitler-Papen Government on the 30th and began with a conference between these two incongruous allies on the 4th, was a subject which seemed likely to remain obscure until the opening of the archives and the publishing of the memoirs at some future date thirty or forty years off; and the more or less convincing speculations to which an inquirer found himself inevitably confined at the time of writing would be out of place in this *Survey*. It is more profitable to pass on to the consequences, which were not only notorious but were also factors, of direct and profound effect, in the course of international affairs.

The most striking and momentous consequence was that, within six months of the Hitler-Papen Government's taking office, the National-Socialist Party had made itself master of Germany *de facto*, though at the outset the Nazi-Nationalist Coalition did not command a majority in the Reichstag, while in the Reich Cabinet, as originally constituted, the Nazis themselves were heavily outnumbered by the Nationalists (in the ratio of eight Nationalist Ministers as against three Nazi Ministers, including the Chancellor).

When the Coalition took office, the two parties, between them, could muster only 247 followers of their own in a Reichstag of 584 members; and, even allowing for the support of some of 'the splinter

parties', the total number of votes at their command cannot have exceeded about 270. As a result of the general election in which the Coalition appealed to the country on the 5th March, 1933, they won between them a majority of seats: 340 in all out of 647; but the distribution of their joint gains in seats was altogether unequal, for the Nationalists gained one single seat, while the Nazis gained 92. In this election, the Nazis obtained about 5,500,000 more votes than they had obtained on the preceding 6th November, made up of about 1,000,000 at the expense of the Communists, 500,000 at the expense of 'the splinter parties' and 4,000,000 representing an increase in the total number of votes cast. Out of this total, the Nazi share in March 1933 was 44.1 per cent., as against their 33.1 per cent. in November 1932 and their 37.4 per cent. in July 1932. The Communists' loss of more than 1,000,000 votes was represented, in seats, by a drop from 100 to 81. On the other hand, the principal democratic parliamentary parties—the Social-Democrats, the Catholic Centre Party and the Catholic People's Party of Bavaria—each, like the Nationalists, retained approximately the same number of seats in the Reichstag as they had held before (the Social-Democrats 120 as against 121, the Zentrum 73 as against 70, and the Bavarian People's Party 19 as against 20). Considering that these three parties were in opposition, and the Nationalists in office, under a régime which had been high-handed from the beginning and which was already becoming terroristic, this maintenance of the *status quo* was as great an electioneering success for the constitutional parties as it was a set-back for the Nationalists; but these election results were not a true criterion of the political situation, for *de facto*, so far from holding their own, the Nazis' Nationalist allies and their democratic and Communist opponents were at this time all alike *en déroute*.

This was mainly the work of Captain Göring, the Nazi 'mighty man of valour', who proved far more than a match, in the new Government of the Reich, for the two mighty men of the Nationalists, Herr Hugenberg the newspaper-king and Herr Seldte the leader of the Stahlhelm Nationalist 'private army', though Herr Seldte held the portfolio for Labour and Herr Hugenberg combined the portfolios for Economic Affairs and for Agriculture, with the imposing style and title of 'Crisis-Minister', whereas Captain Göring was merely a Minister without portfolio in the Government of the Reich and a Commissioner for the Ministry of the Interior in Prussia under Reichskommissar von Papen.

As it turned out, Herr von Papen was content to play King Log to Captain Göring's King Stork; and so the Nazi fighting-man



obtained his first opening when, on the 6th February, President Hindenburg, on the strength of his powers under Article 48 of the Weimar Constitution, overrode the recent judgment of the Supreme Court of the Reich and vested in Herr von Papen the powers which the Court had adjudged to the constitutional Prussian Government. Immediately the Prussian Landtag was dissolved, and the new elections, which were held on the 5th March concurrently with those for the Reichstag, then yielded substantially proportionate results. In preparation for the elections, Captain Göring dismissed, wholesale, the representatives of the opposition parties in the Prussian civil service on the 13th February; instructed the Prussian provincial governors on the 14th February that the Nazi S.A. and the Nationalist Stahlhelm were to be enrolled as auxiliary police and were to be supplied with arms; and issued, on the 20th February, an order to the Prussian Police that they were to 'maintain the best relations' with 'the patriotic associations' and were to use 'the most drastic methods' in combating 'the activities of subversive organizations'.

Communist terrorist acts [this order laid down] are to be proceeded against with all severity; and, when necessary, weapons must be ruthlessly used. Police officers who in the execution of this duty use their fire-arms will be supported by me without regard for the effect of their shots; on the other hand, officers who fail from false considerateness may expect disciplinary measures.

The 'instruction' of the 14th February for the use of the Coalition's 'private armies' as auxiliary police was followed up on the 24th February by an 'order' to that effect.

Captain Göring found his next opening three days later in the abortive attempt to burn the Reichstag Building—a providential 'act of God', on the eve of the elections, which Captain Göring took as a mandate to smite the Communists, as Moses had girt himself to smite the Egyptians after hearing the voice in the burning bush. The next day, the 28th February, President Hindenburg signed an emergency decree, applying to all the *Länder* of the Reich, which imposed the death penalty for a number of offences, besides suspending the articles in the Weimar Constitution guaranteeing personal liberty, freedom of expression of opinion, freedom of the Press, freedom from domiciliary visits, the right to hold meetings and form associations, and the privacy of the postal, telegraph and telephone service. Instantaneously, the police campaign which was already in process against all the opposition parties was carried to extremes against the Communists. On the 28th February, itself, Captain Göring arrested all the Communist deputies in the Reichstag and the

Prussian Landtag and all the surviving Communist civil servants of the Prussian State, and within the next few days hundreds of leading 'Marxists', including Social-Democrats as well as Communists, were likewise arrested throughout the country. The degree to which the two 'Marxist' parties nevertheless succeeded in holding their own in the elections, as shown by the figures cited above, reveals the strength of their party organizations and the loyalty of their supporters.

The Emergency Decree of the 28th February, 1933, after being used against the Communists, was further turned to account in order to apply the process of *Gleichschaltung*, which had already been carried out in the 'empire-state' of Prussia, to the sixteen lesser *Länder* of the Reich. On the 5th March, the day of the elections, the Government of Hamburg—a city-state with a Western Liberal ethos and a tradition of self-government that went back to the Middle Ages—was seized by a *coup de main*; and between the 5th and the 16th every one of the other *Länder* was *gleichgeschaltet* by being placed, on the precedent of Prussia, under the local dictatorship of a *Reichskommissar*. This fate overtook Hessen, for example, on the 6th March and Saxony, Württemberg and Baden on the 8th; and the smaller fry had all followed suit by the 9th, when the installation of General von Epp as *Reichskommissar* in Bavaria brought this lightning campaign to its grand finale. The capitulation of the Bavarian Government—who themselves invested General von Epp with his commissionership, in a feeble attempt to save their face—was particularly surprising, considering the loudness of the Bavarian Government's championship of the Weimar Constitution in general, and Bavaria's constitutional autonomy in particular, ever since the fall of Dr. Brüning had inaugurated the series of deliberate anti-constitutional encroachments. It was afterwards rumoured that the Nazi seizure of Bavaria had forestalled, by only a few hours, the execution of a Bavarian plan to restore the Wittelsbach Dynasty and to secede from the Reich—an abortive Bavarian stroke which, had it come to pass, might have changed the subsequent history of Europe. Actually, the Nazi onslaught upon the self-determination of the South German States which had thus swept, with unexpected ease, across the line of the Main, thereafter met with an equally unexpected check at the line of the Inn and the Salza—where the Austrian Messiah of 'the Third Reich', in his holiday cottage on Bavarian soil at Berchtesgaden, could see, beyond the mouth of Barbarossa's cave, the mountains of a country which was as obstinate as Nazareth or Mecca in declining to honour a prophet who was its own son.

Meanwhile, within the Versailles frontiers of the Reich, the *Gleichschaltung* of the *Länder* was clinched and regularized by the promulgation, on the 8th April, of a unification bill under which the Reichskommissarships were replaced by Statthalterships. Herr Hitler himself took the Statthaltership of Prussia and promptly appointed Captain Göring to be his Prussian Prime Minister on the 11th April. Meanwhile, within the bounds of Prussia itself, the process of regional *Gleichschaltung* had been carried further by the seizure of a number of municipalities in the Rhineland—culminating, on the 13th March, in the replacement of Dr. Adenauer, the constitutional Chief Burgomaster of Cologne, by a Nazi naval officer.<sup>1</sup> This stroke completed the administrative Prussification of the Catholic Rhineland with its ancient civic and ecclesiastical traditions—a process which had been begun, more than a century back, when the Rhineland had been placed under Prussian sovereignty in the Peace Settlement of 1814–15.<sup>2</sup>

Though this *Gleichschaltung* of the *Länder* and the Rhineland was carried out under a coalition régime, it was the exclusive work of the Nazis *de facto*; and the Nazis took the opportunity of strengthening their hands by assigning to their own party-members all the new posts of political vantage which they had thereby captured. Ironically, the discomfiture of the Nationalists was completed after the passage of an Enabling Bill which conferred virtually dictatorial authority, for a four years' period, nominally upon the Nazi-Nationalist Coalition Government, but *de facto* upon the Nazis alone. This Bill—the passage of which had been one of the principal objects for which the elections of the 5th March had been held—was duly passed by the new Reichstag on the 23rd March after being introduced in a speech from the Chancellor. The powers thereby conferred upon the Ministry were transferred partly from the Reichstag and partly from the President. The Bill was voted for by all parties present except the Social-Democrats (the Communist deputies were in jail).

<sup>1</sup> Dr. Adenauer and the City Council of Cologne were accused by their National-Socialist assailants of personal corruption. Such accusations were freely made against many prominent representatives of the Weimar system, and in certain cases they would appear to have been at least partially justified. At the same time, it was virtually impossible for impartial outside investigators to ascertain the real truth of this matter during the reign of a Nazi régime which had the strongest political interest in making such accusations under conditions that rendered a free investigation impossible.

<sup>2</sup> It is important to bear in mind that, from beginning to end, the process of Prussification in the Rhineland was limited to externals. It availed neither to change the characters of Tönnies and Schehl, nor to weaken their devotion to their ancestral faith. This truth must have been obvious to any foreign observer who had an opportunity of watching a Corpus Christi procession in Rhenish Prussia at Whitsuntide 1934.

Thereafter the virtual *Gleichschaltung* of the Nationalists was made manifest when, on the 27th April, Herr Seldte, the Reich Minister for Labour and leader of the Stahlhelm Nationalist 'private army', announced that he and his 'grey-shirts' were incorporating themselves voluntarily into the 'brown-shirt' Nazi organization. Herr Seldte's face-saving gesture on this occasion was as hollow a pretence as the *ci-devant* Bavarian Prime Minister Dr. Held's parade, on the 9th March, of personally appointing his Nazi supplanter. The belated, and all the more humiliating, resignation of the once redoubtable Herr Hugenberg from his pair of Ministries on the 27th June, and the self-liquidation of the Nationalist Party on the same day, set the seal upon the subjugation of the Nationalists by their own nominal allies. This tame acquiescence of the redoubtable hereditary rulers of Prussia-Germany in a sentence of deposition, which had been pronounced against them by their own lower middle class, was a far more humiliating, and therefore far less easily retrievable, fall than they had suffered fifteen years before, when they had gone down fighting, on the most terrible battlefield known in history, under the sheer overwhelming weight of a hostile world in arms.

It must have been cold comfort for the Nationalists to see their own fate overtake, simultaneously, their old constitutional rivals the Social-Democrats and the Zentrum. The Trade Unions, which were the pillars of the Social-Democratic Party, were broken up on the 2nd May, when their leaders were arrested and their offices and institutions (newspapers, banks and the rest) were seized by the police. On the 10th May the property of the Unions and their subsidiary organizations, and simultaneously the property of the Reichsbanner Social-Democratic 'private army' and the property of the Social-Democratic Party itself, was all confiscated by the State. On the 23rd June the party itself was declared illegal, and all salaries or other payments payable to Social-Democrats holding public office were stopped. On the 6th July the Catholic Centre Party followed the Nationalist Party's example and liquidated itself in order to avoid the Social-Democratic Party's more painful way of extinction.

On the 11th July it was proclaimed, in an official order signed by the Reich Minister of the Interior, Dr. Frick, that, now that all other parties had dissolved themselves and the National-Socialist Party had thus become the sole vehicle of the State, the Revolution was at an end. The claim might appear to be substantiated by the results of the poll of the Reich electorate which was taken on the 12th November on the twofold issue of a new election to the Reichstag

and a referendum on the Government's foreign policy in withdrawing from the Disarmament Conference and giving notice of Germany's intention to secede from the League of Nations.<sup>1</sup> On this occasion, out of a list of 45,146,277 registered electors, 43,460,529 votes, in all, were cast in the referendum and 42,995,718 in the election, and, out of these two totals, 40,609,243 and 39,646,273 respectively were cast for Herr Hitler. Thereafter, the unique status of the party which had just received this overwhelming mandate was given juridical recognition in a law, passed on the 1st December, by which the National-Socialist Party was constituted a statutory corporation.

Unquestionably, 'it was a famous victory', and 'heads' had duly 'rolled', as the *Führer* had promised.<sup>2</sup> Once more, as at Blenheim, the Bavarians were among the vanquished, while an Austrian leader captained the victorious allies. But it may be wondered whether many of the plain people in the Reich, whose champion the victor declared himself to be, did not, in their heart of hearts, share the feelings of old Kaspar.

They say it was a shocking sight  
After the field was won.

The casualties were those thousands of German Jews, Marxists, Liberals, and Pacifists who had their lives torn up by the roots and were forced to fly the country if they were lucky enough not to find their flight forestalled by imprisonment or internment.

So with his wife and child he fled,  
Nor had he where to rest his head.

And the victim's provisionally unmolested neighbour, who dared not openly express his human sympathy, must often have repeated, in his private thoughts, another of old Kaspar's observations.

But what they fought each other for  
I could not well make out.

To a foreign student of the Nazi personnel and the Nazi temper, as he saw it in the interval between the closure of 'the first Revolution' in 1933 and the forestalling of 'the second Revolution' in 1934, the driving-force of the Nazi movement seemed to be the demoniac self-assertion of a social class which had formerly been 'put upon' by the classes both above it and below it, and which had been constrained, for years, to suffer impotently, because of its relative backwardness in political organization. When Herr Hitler led his

<sup>1</sup> For these two steps see section (ii) of this part of the present volume.

<sup>2</sup> Herr Hitler made use of this expression on the 25th September, 1930, while giving evidence in the trial before the Supreme Court at Leipzig of certain army officers charged with treasonable activities in the Nazi interest.

Reichsdeutsch class-mates along the road to an undreamed of *petit bourgeois* victory,<sup>1</sup> their most passionate desire was *gleichzuschalten* the industrial working-class below them and the *ci-devant* governing class above. The equalitarian aspect of their ideal was the aspect which appealed most powerfully to the majority of the Nazi rank and file; their instrument for assimilating all other Germans to their own likeness was the party organization, particularly the *Hitler Jugend* and the *Hitler Mädels*; and they displayed a still more anxious concern to bring the children of the vanquished upper class down to their own *petit bourgeois* level than to raise the children of the vanquished working class up to it. The *Gleichschaltung* of the historic makers of Prussia—the Junkers, the officers, the civil servants, the professors—was the chief of the war-aims for which the makers of the Nazi Revolution of 1933 fought their fight and won their victory. Yet even the victors themselves, as they contemplated their handiwork, must have asked themselves, in introspective moods, ‘what good came of it at last’, and must even have reflected occasionally that, if victories are wasting assets, then their own victory over Germany in 1933 must be doomed to be as ephemeral as the victory of the Allied and Associated Powers in 1918, which had been extinguished in the fifteenth year, according to the Nazis’ own interpretation of history, by the Nazi Revolution itself.

The truth was that, by the close of the year 1933, the Nazis had driven their opponents off the political battlefield without having wiped them out of existence, and that the Nazi leaders had not yet come to grips with the heresiarchs in their own camp. The German working-class had not lost its class-feeling or its ‘Marxian’ convictions because the Communist and Social-Democratic Parties had been broken up; and the self-dissolution of the Zentrum and the Nationalist Party had not purged ‘the Third Reich’ of either Catholicism or Protestantism. The disappearance of the Rhenish-Westphalian Catholic and Ost-Elbisch Protestant political party merely opened the way for a heroic minority of German Catholics and Protestants to fight the pagan worship of ‘the totalitarian state’, with greater determination and sharper weapons, on religious instead of political ground.<sup>2</sup> Even in the political field, it was by no means certain that

<sup>1</sup> While it was Hitler who made National Socialism into a popular movement, the idea, and perhaps even the name, had been invented by two Reichsdeutsch publicists of an older generation: Friedrich Naumann and Paul Rohrbach.

<sup>2</sup> The spiritedness and the staying-power of the Protestant opposition were more of a surprise than the tenacity of the Catholic resistance, in view of the past history of German Protestantism, which was handicapped by two weaknesses: a tradition of subservience to the State, and a narrow social and

the Nazi proclamation of the 11th July was on sure ground in asserting, of the disbanded parties, that 'their return or re-creation' was 'precluded for all time'; for the German Catholics had proved their political staying power in their sixteen years' *Kulturkampf* with Bismarck, and the Junkers' theirs in their thirteen years' passive resistance to the Weimar régime. At the time of writing, twelve months after the date at which the Nazi Revolution had been declared to be complete, it was noteworthy that the bankrupt great estates in the Ost-Elbisch provinces of Prussia had not yet been touched by Herr Hitler, though the partition of these *latifundia* into peasant holdings was a still more prominent plank in his official platform than it had been in his predecessor Dr. Brüning's. Dr. Brüning had fallen when he set himself seriously to carry this salutary agrarian programme out; and a detached observer might wonder whether this precedent deterred Dr. Brüning's ostensibly omnipotent successor from attempting a similar assault upon the citadel of an ancient governing class which had sullenly submitted itself to be the captive of Herr Hitler's bow and spear, but which might still perhaps turn at bay and show its teeth if he displayed an intention of giving Junkerdom in the Ostmark its *coup de grâce*.

But if the Nazi leader had still to reckon with the Nationalist 'die-hards', he had an even graver problem to face in the temper of those radical members of his own party who laid more emphasis on the 'Socialist' than on the 'National' half of the hyphenated party label; and it was to these *enfants terribles* in his own political family that he was mainly addressing himself in the order of the 11th July.

The foremost task of the government is now to lay the intellectual and economic foundation for the reconstructed power invested in it; but this task will be seriously endangered by further talk of the continuance of the Revolution or of a second Revolution. He who talks thus must realize that by so doing he is rebelling against the *Führer* himself, and he will be treated accordingly. Such utterances represent a clear sabotage of the National Revolution, and are particularly calculated to expose the German economic system—now safely on the upward grade, thanks to the Government's measures to solve the unemployment problem—

spiritual basis. In the German Protestant churches, those elements of Protestantism which corresponded to English Methodism had never, as in England, broken away from the official church in order to constitute themselves into 'free churches', but had remained latent until, in these latter days, they had been captured by Hitler himself and had been turned to political account by him as part of the driving-force of his National Socialism. In this connexion it may be recalled that those corresponding elements of English Protestantism which had taken the specific religious shape of 'the free churches' had likewise tended thereafter to flow into political channels (e.g. into Liberal party politics and the Temperance Movement and the Peace Movement).

to a fresh disturbance which would do an injury to the whole nation. . . . Any attempt to sabotage the German Revolution, particularly by unauthorized interference in business and industry, . . . must therefore be punished by the severest measures.

Within less than twelve months of the publication of this passage, the *Führer* was to prove himself as good as his word. A further order, deprecating an excess of zeal in the Nazi ranks and speaking in eighteenth-century accents that came oddly from Hitlerian lips, was issued on the 3rd November.

If Herr Hitler's claim to have received a positive mandate was to be admitted, it was a mandate to perform both of two Herculean tasks: the conquest of unemployment at home and the restoration of Germany's status abroad to a footing of equality with the other Great Powers of the World. In grappling with these practical tasks, Herr Hitler was working against time; and he had to fear that, if he were eventually counted out, his would-be judges and executioners would step forth from the ranks of his own present followers.

#### (d) THE REACTIONS ABROAD TO THE REVOLUTION IN GERMANY

##### 1. *Introductory Note*

A revolution which changed the face of Germany within six months evoked abroad the liveliest feelings of indignation, embarrassment and apprehension; and these emotions—excited in different countries in different combinations and degrees, and playing upon an intricate and ever shifting system of international relations—produced widespread and profound international effects.

There were few countries in the World in which the portent of Herr Hitler's advent to power in Berlin on the 30th January, 1933, did not make some impression; and these impressions can be ranged in a certain order on the psychological scale. At one extreme of the gamut we may place the reaction—displaying a maximum of indignation and a minimum of fear—which was evoked in the United States; at the opposite extreme, the reaction in Russia, where the indignation at the ruthless suppression of the Russian Communists' German comrades by the victorious Nazis was overshadowed by an acute fear for the safety of the Soviet Union itself. This fear in the minds of the Soviet statesmen in Moscow proved—in combination with their previously awakened fear of Japan—to be so powerful a political driving-force that, within eighteen months of Herr Hitler's accession to power, it had produced a sensational reversal of the established foreign policy of the Soviet Government: a reversal



which, in its turn, promised to revolutionize the international situation in Europe in the course of the year 1934. Yet the effect, on Germany's political fortunes, of the Russo-French diplomatic *rapprochement*, which culminated in 1934 in the launching of a project for an 'Eastern Locarno', was not felt so rapidly as the effect, on Germany's economic fortunes, of the boycott against German trade in the United States: a spontaneous private movement which was the consequence of the indignation aroused in that country by the militant anti-Semitism of 'the Third Reich'.<sup>1</sup>

An alternative way of classifying the reactions abroad to Herr Hitler's triumph in Germany is by their comparative geographical extension. The indignation aroused by the persecution of the Jews was world-wide. Sympathy for the tribulations of the German Catholics was felt in all Catholic countries. Even the self-regarding emotion of the hitherto friendless Soviet Government had distant effects, owing to the vast territorial extent of the Soviet Union; for the Soviet dominions, straggling from one end to the other of the Eurasian Continent, came within the radius of the Far Eastern as well as the European international storm-centre; and, through this link, a chain of political causation can be traced between Herr Hitler's advent to power in Berlin on the 30th January, 1933, and the establishment of diplomatic relations at Washington, on the 16th November of the same year, between the Soviet Union and the United States.<sup>2</sup> Again, the change which the Nazi Revolution in Germany produced in the relations between the Reich and Austria had far-reaching effects upon the relations between Germany and Italy, and also upon the relations of Italy with France, on the one hand, and with the several countries of South-Eastern Europe on the other. Even the reactions to Herr Hitler's victory in the Reich which manifested themselves in the Saargebiet<sup>3</sup> produced international effects, far beyond the bounds of that small though important territory, by placing an additional strain upon the relations between Germany and France.

It will be seen that a survey of the international consequences of the National-Socialist Revolution in Germany is almost as difficult

<sup>1</sup> The world-wide Jewish boycott of Germany was particularly effective in the United States because of the importance of Germany's trade with that country, the importance of New York as the channel through which the main stream of Germany's trade with America flowed, the importance of the Jewish share in the import and export business of New York, and the pro-Jewish sympathies of the American public.

<sup>2</sup> For this transaction, see Part IV, section (vi), below.

<sup>3</sup> These reactions in the Saargebiet will be dealt with in the *Survey for 1934*.

to make as it is indispensable for an understanding of the course of international history in the year 1933. Perhaps the most convenient method will be to break up a complex and unwieldy subject into three rather arbitrary divisions. In the first place, we may survey the more or less disinterested indignation that was aroused in the World at large, and in the principal Western countries in particular, by Nazi acts of violence and oppression. In the second place, we may examine the reaction in Russia, which was mainly self-regarding and which rapidly found expression in strenuous diplomatic activities. In the third place, we may attempt to trace the influence of the revolution in Germany upon the policies of Italy and of the East-European successor states.

In this last-mentioned field the skein of diplomatic relations is particularly hard to disentangle; for here the effects of the National-Socialist Revolution in Germany were interwoven with other transactions which were already in train before Herr Hitler's triumph was achieved or even foreseen; and, moreover, many of the resulting developments—for example, the German-Polish Pact of the 26th January, 1934; the Austrian civil war of the 12th–15th February, 1934; and the Italo-Austro-Hungarian Pact of the 17th March, 1934—did not take shape until after the turn of the calendar year. In dealing with this field in this volume, we must be content to leave the story uncompleted; and in one important part of the field—namely, the internal history of Austria in its international bearing—it has seemed best to reserve the whole story for narration in the volume that will follow.

## *2. The General Reaction abroad to the Persecution of the Jewish and other Victims of the National-Socialist Revolution*

Claiming, as they did (and this with good reason) that the upheaval in Germany after Herr Hitler took office was a revolution in the current and accepted sense of the term, the German National Socialists went on to make the further claim that, while every revolution notoriously takes a certain toll in bloodshed and injustice and destruction of wealth and happiness, their own national revolution in 1933 had a conspicuously shorter list of incidental acts of violence to its account than most revolutions of equal magnitude in the Western World in recent times. Whether or not this German contention were statistically correct,<sup>1</sup> it manifestly failed to carry

<sup>1</sup> By the time when this chapter was being revised, in July 1934, Herr Hitler's claim to have achieved a more or less bloodless revolution had been destroyed by the *Führer's* own acts during the week-end of the 29th June to the 1st July of his second year of office.

conviction abroad. For the casualties of the German National-Socialist Revolution of 1933 made as great an impression on the World at large, and evoked almost as much indignation, as the casualties of the Russian Communist Revolution of 1917.

In the course of the year 1933 a number of foreign Powers—for example the United States, the United Kingdom, the Union of Soviet Socialist Republics, Spain and the Netherlands—had occasion to remonstrate officially with Herr Hitler's Government on account of unpleasant experiences which had overtaken nationals of theirs on German soil—the ground of complaint being that these experiences were contrary to the normal expectations and standards of treatment for foreigners, travelling or resident abroad, in the Western World of the day. Some of these incidents were the work of ostensibly irresponsible 'brown-shirts'; in other cases, the action was taken by the responsible public authorities. There were instances of foreigners being assaulted because they were, or were thought to be, Jews, or because they had failed, whether wilfully or through inadvertence, to perform some of the newly prescribed Nazi ceremonial gestures. There were also instances of proceedings being taken against foreigners by the public authorities on the ground that they had expressed sentiments, or transmitted reports, which, whether true or false, were insulting or damaging to 'the Third Reich'. For instance, in March 1933, Mr. Edgar Mowrer, the representative of *The Chicago Daily News* and President of the Foreign Press Association in Berlin, was informed by an official that certain members of the Cabinet took exception to his book *Germany puts the Clock Back*, and that the Government had decided to boycott the Foreign Press Association as long as he remained its President. This threat had no effect upon the Association, which confirmed Mr. Mowrer in his office by a large majority. During the summer, however, Mr. Mowrer's paper decided to transfer him to Tokyo, and his departure from Berlin, which took place on the 31st August, was hastened as a result of the pressure which was put upon him by the German Government to leave the country—pressure which culminated in a notification to the State Department at Washington that the authorities could not be responsible for his safety if he remained in Germany. In September 1933, as a result of measures which were taken against Russian journalists in Germany under the Nazi régime, the Soviet Government ordered the expulsion of German journalists from the territories of the Soviet Union; and, before the end of October, this retaliation had induced the Nazi Government to come to terms with the Soviet Government on a basis of reciprocal

toleration for the newspaper-correspondents of either country in the other country's dominions. In October a British journalist in Germany was imprisoned, and was only released in order to be expelled. In October, likewise, the United States Ambassador in Berlin made a strong official protest against a series of outrages upon American citizens which by that time had mounted up to more than thirty cases; and consequently on the 17th October two 'brown-shirts', implicated in one of these cases, were convicted and sentenced by a court of summary jurisdiction.

These unfortunate experiences of foreigners in Germany under the National-Socialist régime were few in number, and were the cause of little bad feeling, by comparison with the contemporary sufferings of those German nationals who—as Jews, 'Marxists', Liberals, or Pacifists—were *personae non gratae* to Herr Hitler's Government. The reports of the treatment meted out to these German victims of a German political movement—beatings, imprisonments, internments, dismissals from posts in private as well as in public employment, and withdrawal of the means of livelihood—stirred foreign opinion profoundly; and, while the more cautious and temperate-minded observers abroad did not forget that a heavy discount has always to be made in accepting reports of atrocities, the residuum of ascertained fact that was proof against the most conscientious scepticism was shocking enough. Moreover, the hearsay reports from Germany were confirmed abroad by tangible ocular evidence in the persons of the German refugees who continued to present themselves in foreign countries—many of them in a pitiable state of mind and body. On the 29th September, 1933, at the Fourteenth Assembly of the League of Nations, the Dutch delegation moved that the problem of these German refugees should be dealt with by international collaboration. A revised draft resolution was adopted by the Second Committee of the Assembly on the 10th October, and was passed by the Assembly itself on the 11th October. A citizen of the United States, Mr. James G. MacDonald, was appointed League High Commissioner for Jewish refugees from Germany on the 26th October.

The persecution of the Jews in Germany had been one of the original points in Herr Hitler's personal programme for the regeneration of the German Race and Reich,<sup>1</sup> and this anti-Semitic policy of the

<sup>1</sup> Herr Hitler did not borrow his anti-Semitism from the Italian Fascist movement, which was free from this barbarity. He seems to have imbibed it at an early stage in his career, from his own native social atmosphere. In pre-war Austria, anti-Semitism was already in the air. Among the Deutschböhmern, for instance, there was an outbreak of it, under Schönerer's leadership, in the 'eighteen-nineties'. In working out the positive side of his new creed, Herr

*Führer* was ruthlessly and energetically put into force as soon as the Nazis came into power. The barbarity of this persecution<sup>1</sup> is not to be measured merely by positive acts such as the fourteen-hours' boycott of Jewish places of business on the 1st April (when one Jewish victim at Kiel was lynched by a mob) or 'the Aryan paragraph' in the law of the 7th April, which disqualified for public employment any German citizen who proved to have a single Jewish grandparent. To complete the picture, it must be added that the application of 'the Aryan paragraph' was extended from state-employees to Protestant pastors by Dr. Müller—the *Reichsbischof* whom Herr Hitler had placed at the head of the new union of German Protestant churches.<sup>2</sup> More serious still, the paragraph was used as an instrument for expelling the Jews wholesale from the leading liberal professions—particularly from Medicine and the Law—while many private employers of labour were persuaded or coerced through unofficial Nazi pressure into going beyond the requirements of the law by dismissing their own private Jewish employees.

Though Western Christendom had almost as bad a record as Orthodox Christendom in its treatment of the Jews, the Western World had seen no such exhibition of anti-Semitism as this German outbreak of 1933 for the past four and a half centuries. To find parallels, the historian must go back to the expulsion of the Jews from Spain in A.D. 1492 and their forcible conversion in Castile in A.D. 1391 and in Portugal in A.D. 1497. Indeed, even these parallels are not complete, for the medieval Western persecutors in the Iberian Peninsula besought and, in the last resort, compelled the Jews to abandon the ghetto and transform themselves, by conversion, into fully enfranchised citizens of the *Respublica Christiana*; and, once within the fold, these Jewish converts were allowed a free field

Hitler acted (no doubt, unwittingly) on the principle that *fas est et ab hoste doceri*; for, as a Jewish scholar has pointed out to the writer of this *Survey*, Hitler's main idea—the fanatical worship of a jealous tribal god, at the bidding of a prophetic leader—is the original (though not the ultimate) *Leitmotiv* of the Old Testament.

<sup>1</sup> For the benefit of a possible German National-Socialist reader who might jump to the conclusion that the present writer's account of the treatment of the Jews in 'the third Reich' was coloured by personal race-feeling, the writer may perhaps be allowed to mention that he believes himself to be of unmitigated 'Nordic' stock on both sides (his father's family being Lincolnshire Danes and his mother's Mercian Angles!), and that, so far as he knows, there is no Jewish blood in his veins.

<sup>2</sup> This impious decree that a strain of Jewish blood should disqualify a pastor who had felt a vocation and had fitted himself for taking it up and had received a call from a congregation, was one of the measures which evoked the revolt, among the German Protestants, against Dr. Müller's régime.

to compete with their Christian neighbours for the highest positions in Church and State, as well as for the flesh-pots of commerce. Even when the worldly success of these 'New Christians' excited the envy of their 'Old Christian' neighbours and led to fresh outbursts of persecution, the recurrent barbarities were at least nominally inflicted on the religious ground that the victims were crypto-Jewish apostates. It remained for Herr Hitler and his followers, in the Germany of 1933, to persecute the Jews avowedly and implacably on the ground of physical race. 'The Aryan paragraph' penalized a *ci-devant* Jew who had become a convert to Christianity, together with his brethren who had remained members of the Jewish religious community. Under the Nazi dispensation, salvation and damnation depended neither on works nor on faith, but on physique.

It was noteworthy that the three countries—Turkey, Holland and France—which had been most hospitable to Peninsular Jewish refugees in the sixteenth century showed the same vein of humanity in the similar emergency of 1933.<sup>1</sup> The Turkish Government, which had given the Jewish victims of Ferdinand and Isabella an Islamic asylum in Salonica and Smyrna and Stamboul, now emulated its own historic act of generosity by engaging, at one stroke of the pen, no less than forty-five expelled German men of learning—both Jews and Gentiles—to staff the recently founded Turkish national university. And thus, by the undesigned workings of poetic justice, the service which Sultan Mehmed the Conqueror had rendered to Western Europe in A.D. 1453, when he had driven the last of the Greek men of letters out of conquered Constantinople to bring light and learning to Italy, was now repaid in the fulness of time by Adolf Hitler, when he, in his turn, drove forth these twentieth-century German exponents of modern Western science to carry back the torch of learning to the shores of the Bosphorus.

### 3. *The Third Reich and the Vatican*

Jewry was not the only world-wide religious fraternity on which the German National Socialists had made war. At the moment when Herr Hitler took office on the 30th January, 1933, German Catholics were—and had been for some years—either deterred or, in some

<sup>1</sup> A fourth country which gave hospitality to evicted Peninsular Jews in the sixteenth century was Tuscany, where the port of Leghorn was almost entirely their creation. In this connexion, it is noteworthy that, while the twentieth-century Fascist movement in Italy was in many ways an analogue, if not the prototype, of Hitlerism, it was quite free (as has been observed already on p. 156, footnote, above) from the anti-Semitism which was so prominent and so ugly a feature of Herr Hitler's régime.

dioceses, even positively prohibited by their bishops from joining the National-Socialist Party. On the strength of certain declarations made by Herr Hitler, as Chancellor, in a speech of the 23rd March, the German Catholic Bishops, in council at Fulda, removed these bans on the 29th March. Thereafter, negotiations were opened between the Government of the Reich and the Holy See for the conclusion of a concordat (there were already concordats between the Holy See and several of the *Länder* of the Reich, but there was no concordat with the Reich as a whole). In these negotiations, a prominent part was played on the German side by the Vice-Chancellor of the Reich, Herr von Papen, who was not only a Catholic but was reputed to be *persona non ingrata* at the Vatican.

While the negotiations were in progress, several events occurred which indicated, afresh, that the two would-be contracting parties were divided on certain matters of great importance. In June, for example, the German Catholic Bishops, once more in council at Fulda, issued a pastoral letter deprecating racial discrimination and demanding liberty to maintain the Catholic organizations for social welfare. At the same week-end, the 10th-11th June, in which this pastoral letter was read from the pulpits, a week-end congress of Catholic journeymen's societies, which was meeting in Munich under the presidency of Herr von Papen himself, was violently broken up by the local Nazis because the delegates were wearing a uniform of their own. A Bavarian priest died from injuries received on this occasion. On the 6th July, as has been recorded already,<sup>1</sup> the Catholic Centre Party in Germany, which was as old an institution as the Reich itself, proclaimed its own dissolution. Nevertheless, on the 8th July, a concordat between the Holy See and the Reich was initialed, in the Vatican, by Herr von Papen and by Cardinal Pacelli.

The terms of this concordat<sup>2</sup> were not unlike those of the concordat with Fascist Italy.<sup>3</sup> The Vatican agreed in the German, as in the Italian, concordat to prohibit ecclesiastics from belonging to political parties or working on their behalf, besides agreeing that the appointments of bishops should require confirmation by the civil authorities and should not take effect before the appointee had taken a prescribed oath of fidelity to the State. On the other side, the Reich confirmed the existing concordats with the *Länder*, guaranteed the property of the Catholic Church in Germany and the free working of ecclesiastical

<sup>1</sup> See p. 148 above.

<sup>2</sup> A translation of the text of the concordat was issued by the National Catholic Women's Council of Washington and is reproduced in *Documents on International Affairs, 1933*.

<sup>3</sup> See the *Survey for 1929*, pp. 466-8, and *Documents for 1929*, pp. 227-41.

institutions, recognized the juridical personality of Catholic corporate bodies, and, above all, conceded the Church's right to continue to give religious instruction in the schools to Catholic children. Article 21 of the concordat provided that:

The teaching of the Catholic religion in the elementary, vocational, secondary and superior schools shall be a regular subject and shall be given in conformity with the principles of the Catholic Church. In religious education, particular care shall be taken to develop the conscience with respect to duties towards the nation and civic and social duties according to the maxims of faith and Christian moral law, which shall be done likewise in all other subjects. The subject-matter and the choice of texts for religious instruction shall be determined in agreement with superior ecclesiastical authority. The superior ecclesiastical authorities shall be given the opportunity to determine, in accord with the school authorities, whether the pupils are receiving religious instruction conforming to the doctrines and needs of the Church.

This last concession was possibly the most important of all from the Catholic point of view; and, while it might have passed unremarked in the contemporary United Kingdom or United States, it constituted an exceptional and inestimably valuable privilege in a 'totalitarian' state in which liberty of opinion and teaching was in general more jealously withheld than liberty of any other kind.<sup>1</sup> In exchange for this, and for the general intention to make life possible in Germany for devout Catholics (an intention which the conclusion of the concordat in itself implied), it is not surprising that the Vatican should have tacitly accepted the extinction of the Centre Party in Germany as it had accepted that of the *Partito Popolare* in Italy, or that in Germany, as in Italy, it should have consented to keep its clergy out of politics. In so doing, the Vatican was making concessions in a field of activity which was not directly its own in order to strengthen the position of the Church in the fields that were vital to it. It was evidently the policy of the Vatican at this time to go to the utmost lengths in avoiding conflicts with secular Powers on issues of less than absolute importance from the Catholic standpoint,<sup>2</sup> just

<sup>1</sup> There was also another mitigation of 'totalitarianism' in the concordat with National-Socialist Germany which likewise had its precedent in the concordat with Fascist Italy. In this case, as in that, the Vatican secured the insertion of a clause in favour of Catholic citizens of the 'totalitarian state' who, in nationality, belonged to an alien minority. In the concordat with the Reich, the formula was that in the matter of religious services, religious instruction, and ecclesiastical organization, national minorities in Germany should be treated not less favourably than Catholics of German origin and language in the corresponding foreign country.

<sup>2</sup> The policy of the Vatican towards the Zentrum and the Nazis in Germany may also conceivably have been influenced to a certain extent by personal factors. Cardinal Pacelli, the Cardinal Secretary of State, was reported to have



because there were certain other issues on which the policy of the Catholic Church was intransigent. As for Herr Hitler, his acceptance of the concordat was a notable exception to a policy which, in general, was one of intransigence all round. On both sides, the compromise embodied in the concordat wore the appearance of being a sincere attempt to avoid a direct and open conflict; yet this compromise could not conjure away the fact that the two contracting parties were asserting fundamentally incompatible claims upon the allegiance of those 20,000,000 Europeans who were Reichsdeutsch Catholics; and at the time of writing, a year later, there were symptoms of strain—particularly in the vital and debatable fields of education and social service.

#### 4. *The Reactions in the Western Countries*

Energetic reactions to Herr Hitler's triumph in Germany might have been expected, *a priori*, in Belgium and France; for these two countries, which had been the principal victims of German militarism in the late War, might be supposed to be particularly sensitive to the deliberate revival of the military spirit in Germany, which was one of Herr Hitler's acknowledged major aims.

In Belgium, certain innocuous 'incidents' did occur. On the 1st May, 1933, for example, a swastika flag which had been flown on the roof of the German Consulate at Liège was taken down and carried off by a party of young Belgian Communists and Socialists, and on the 10th of the same month the dockers at Antwerp refused to load or discharge German steamers unless and until the swastika flags that they were flying were struck. There was also some unrest in the ceded territories of Eupen and Malmédy (though this was not either so serious or so systematically organized as the contemporary unrest in the Saargebiet).<sup>1</sup> On the whole, however, the Belgian people took the change in Germany calmly, while the Belgian Government continued to show their habitual moderation and statesmanship.

Even more striking, if possible, was the superficial calmness, at the outset, of both the Government and the people of France. Possibly, in this case, appearances were deceptive; and a truer index of what the French were feeling in their hearts may perhaps be found in the record of the gradual stiffening of the French attitude at the

been unsympathetic to the strong vein of liberalism in the tradition of the Zentrum, owing to the deep impression made upon him, when he was Papal Nuncio at Munich, by the local Communist Revolution of 1919. Moreover, the Rhenish prelate Kaas, who was the leader of the Zentrum in 1933, was said to have been personally in favour of a policy of non-resistance towards the Nazi offensive.

<sup>1</sup> This will be dealt with in the *Survey* for 1934.

Disarmament Conference.<sup>1</sup> At the same time, the only positive steps, on the French side, at this stage, which could unquestionably be interpreted as reactions to the Nazi Revolution in Germany were the following out of measures, intended to improve French relations with Italy and Russia, which had already been in train before Herr Hitler took office. The Franco-Russian Pact of Non-Aggression, which had been initialed on the 29th August, 1931, and signed on the 29th November, 1932, was unanimously approved, on the 18th May, 1933, by the French Chamber of Deputies; and the friendly official reception of Monsieur Litvinov in Paris on the 6th July was followed, at the end of August, by an extensive tour on the part of Monsieur Herriot in Russia as the guest of the Soviet Government, and, in September, by a visit of a French air squadron to Moscow under the leadership of the French Minister for the Air, Monsieur Pierre Cot. As for Franco-Italian relations, the French desire for greater cordiality was signified in the special mission of Monsieur de Jouvenel, as French Ambassador to the Quirinal, from the 25th January, 1933, to the 17th July. The part played by Monsieur de Jouvenel, during his mission in Rome, in the negotiation of the Four-Power Pact is touched upon in the present volume in another place.<sup>2</sup> Direct expressions of hostility, or even of alarm, in France at the course of events in Germany in 1933 were rare and reticent; and even at as late a date as the 9th-10th November, when the revolution in Germany had run its full course to its 'totalitarian' goal, and when Germany had notified her withdrawal from the Disarmament Conference and her intention to secede from the League, while memories of the War were automatically being awakened by the approach of Armistice Day, the pacific temper of France was revealed with unmistakable clearness and unanimity in a two-days' debate on foreign policy in the Chamber. The debate was opened and the tone set by Monsieur Mandel, who had made his name as one of Monsieur Clemenceau's henchmen; and while this spokesman of the Right denounced Germany for re-arming, he was as emphatic as any of the speakers of other parties who followed him in rejecting the idea that the proper remedy for France was a preventive war.

The apparent cool-headedness and self-restraint of the French in their attitude towards National-Socialist Germany throughout the year 1933 was so remarkable in itself, and in such strange contrast to the notorious French temper towards a far less provocative Germany during the fourteen years that had intervened between the signature

<sup>1</sup> See section (iii) of this part of the present volume.

<sup>2</sup> See pp. 213-14 below.

of the Armistice and the accession of Herr Hitler, that a student of international affairs may pause to speculate on the psychological causes of this unexpected political phenomenon. In 1933, it almost seemed as if the French breathed a sigh of relief to see their worst forebodings about Germany apparently now fulfilled. Possibly they felt that, if they now had to face 'the Third Reich' as their future neighbour, they could at least congratulate themselves that they did not face her unarmed and that the odium incurred by France in the English-speaking countries through the persistent intransigence of her post-war policy towards Germany had not, after all, been incurred for nothing. No doubt an English or American critic of France in 1933 might stigmatize the French as prophets who had procured the fulfilment of their prophecy by their own action; and he might assert that the Nazi Germany with which the World was confronted in 1933 was a French creation rather than a French discovery. But now that 'the Third Reich' was in existence *de facto*, the problem of its causation had become academic; and the fact that a French prophecy had come true was more potent than the hypothesis that the French themselves had precipitated the fulfilment of their own prediction of evil. Even the uncomfortable sense of being once more in mortal danger might be mitigated, in French minds, by the gratifying consciousness of being proved, on the same showing, to have been supremely in the right; and the pleasure of being able to say (now unanswerably) 'I told you so' might be something more substantial than a moral luxury; for, if the former allies of France were now compelled to admit that in 'the Third Reich' Germany had actually presented herself in the image of the French conception of her, it would be no more possible for these other countries than for France herself to treat the fourteen-years-long controversy that had closed in this way as a mere forensic exercise. If the other neighbours of Germany once accepted the French view of 'the Third Reich', would they not be driven on, in sheer self-preservation, to fall into line with the French policy? The seriousness of the international situation in 1933 could not prevent the French from smiling to see British opinion, in particular, reacting to the National-Socialist Revolution in Germany with a violence that was reminiscent of the British reaction in 1914.

The promptness and the vehemence with which the British public expressed its feelings towards 'the Third Reich' were indeed as remarkable as the prolonged self-restraint of the French which has been touched upon above. It could be said, without exaggeration, that nothing else that had happened in the whole field of international

affairs at any time since the Armistice had excited such deep and unanimous feeling as this among people in Great Britain of the most diverse parties, classes and temperaments; and it might be added that the British attitude towards a particular foreign country had never, within living memory, been so profoundly changed within so short a number of days—with the single ominous exception of the previous change of attitude towards Germany in 1914 in reaction to the German violation of the neutrality of Belgium. This British reaction in 1933 towards the German National-Socialist Revolution was psychologically as interesting as it was politically important.

The British disgust at Nazidom and most of its works was a compound feeling which can be analysed into a number of component emotions.

First and foremost, there was an indignation at the violence with which the Nazis pursued their aims and the brutality and callousness with which they persecuted their prostrate opponents. And a particularly bad impression was made by the persecution of the Jews; for while, no doubt, the Gentile attitude towards Jewry in Great Britain was in many ways not less wounding to Jewish sensibilities than it was elsewhere, still, British subjects of Jewish origin were at any rate not subject in the twentieth century to any tangible or automatic disabilities on account of their Jewish religion or descent; and the social and economic as well as political enfranchisement of the Jews in Great Britain was as deliberate a policy on the Gentile community's part, and as much a point of pride, as the persecution of the Jews in 'the Third Reich' was a deliberate implementation of a Nazi article of faith. In British, as in Dutch or French or American, eyes, the fashion in which any nation treated its Jews was regarded as a fair test of that nation's position in the scale of civilization; and a nation that maltreated its Jews was not only condemned by British opinion as barbarous but was also held in contempt for a self-confessed cowardliness and incompetence. British Gentiles had sufficient confidence in their own business ability to take it for granted that they could hold their own economically against British Jews in a fair field with no favour. And even if they had been forced by facts to admit their inability to compete with their Jewish fellow countrymen on equal terms, they would probably still have hesitated to protect their pockets at the price of their self-respect by resorting to physical force in order to 'get even with' a minority which had beaten them in a contest of wits. Conceivably there was a touch of Pharisaism in this British self-righteousness; but there is no doubt that the fate of the Jews in Germany in 1933 was one of the

genuine and important causes of the British aversion from the Nazi régime.

Another cause was an aesthetic distaste for the fanaticism and monomania which National Socialism induced in its German devotees (a distaste which was closely akin to the British antipathy towards the *éthos* of the Russian Communists). The British outlook on life at this time still reflected the old-fashioned eighteenth-century distrust of 'enthusiasm'; and the British people could not in any case be expected to welcome foreign outbursts of political 'enthusiasm'—Communist or Fascist—which were avowedly directed against 'Democracy' in the sense of the responsible parliamentary representative system of government which had been the historic British contribution to modern Western political development. Nor was this British disapproval of foreign anti-democratic movements merely a pardonable expression of national *amour propre*. It was also partly based on the more serious consideration that these 'enthusiastic' political movements—with their common claim to a transcendental inspiration which was to be imposed by a minority on a majority by force—were ethically retrograde and practically dangerous to the peace of the World. On this issue of peace, the British public watched with dismay the systematic and active propagation by the Nazis, among the rising generation in Germany, of that traditional Prussian cult of militarism which most English people had long since put out of their minds as something that had assuredly been buried in the same grave as the House of Hohenzollern. As British observers of the German National-Socialist Revolution saw this latterly discredited militarism being placed upon its pedestal again, there came back to their minds, with a rush, their dormant memories of all the misery that this evil spirit had brought upon Europe in the War, and upon Germany most of all; and they could not help asking themselves whether perhaps the French had been right, after all, in insisting, for the last fourteen years, that the Germans were incorrigible.

Indeed, the British outburst of feeling against Germany in 1933 could not be fully understood without being seen as an incident in an Anglo-French as well as in an Anglo-German controversy. This Anglo-French disputation had begun on the morrow of the Armistice of 1918;<sup>1</sup> and, by the date of Herr Hitler's taking office, the British had spent fourteen years in pressing upon the French a British thesis on policy towards Germany which may be summarized as follows: 'We agree with you that Germany had a greater share of

<sup>1</sup> See the *Survey for 1924*, Part I A, section (ii).

responsibility than any other country for the War, and that her special fault lay in giving a criminally uncritical allegiance to the barbarous doctrine and practice of Prussian militarism. The survival of this anachronistic Prussian régime in Germany, right into the twentieth century, brought a tremendous calamity upon the World—but that now belongs to the past. After all, the chief sufferer from this calamity in the end has been Germany herself. She has suffered an utter defeat, and the Prussianism which was her bane as well as ours had perished in the *débâcle*. Henceforth we have to deal no longer with the Prussian system and the Prussian governing class but with the German people, who have shown where they wish to stand by turning their Reich into a democratic republic. In spite of their unfortunate political past, the Germans—man, woman and child—are individually people of like passions with you and us. Treat them as you would treat any one else, and you will see that they will respond; but for goodness sake do not persist, *in saecula saeculorum*, in meting out to the new Germany of Weimar a measure meet for the old Germany of Potsdam. If anything could conjure the exorcized spirit of Prussianism back into the German body politic, the way to produce that disastrous miracle would be the way of Monsieur Poincaré!

A detached observer who came across this British thesis in 1933 might have endorsed it 'Too late!' After the passage of fourteen years during which the British had been making representations while the French had been taking action, Monsieur Poincaré's sowing of the storm had duly reaped a Hitlerian whirlwind; and, if the British had failed to prevent this, the British themselves were very largely to blame. They were to blame because their policy had been selfishly and short-sightedly half-hearted. With half their hearts and minds they had been trying to keep out of Continental European entanglements altogether, and so—for fear of being drawn into committing themselves—they had never given more than half their energies to their salvage-work of bringing the French to reason. In consequence, the *politique Poincaré* had prevailed, and Herr Hitler had triumphed on the strength of it. As Mr. Churchill put it—apostrophizing Ministers in a debate in the House of Commons at Westminster on the 7th November, 1933: 'You cannot be the saviours of Europe on a limited liability.'<sup>1</sup> This stricture was difficult, in 1933, for the British to parry; but in an undisguisable catastrophe Man's

<sup>1</sup> Mr. Churchill's own prescription, of course, was not to increase the liability but to diminish it to vanishing-point. For the policy advocated by him in 1933, see further p. 170 below.

instinctive impulse is to find a scape-goat; and accordingly the British reacted to the portent of the Nazi Revolution not by sitting down penitently in sackcloth and ashes but by drowning the voice of their own conscience in a furious denunciation of a more flagrantly guilty party.

If the British feeling towards Herr Hitler in 1933 were put into words, the invective would run approximately as follows: 'You Germans who have run amok again, have you paused to consider that we English have been fighting your battle with the French for years? For years we have been assuring them that you are really just reasonable and decent human beings, while they have been insisting that you are creatures of a different clay: ogres, Boches, Huns. And now, in this fifteenth year, when we have involved ourselves up to the neck against the French thesis in this exasperating controversy, you Germans suddenly raise up this Adolf Hitler to be your leader, and the first thing he does is to cry in a loud voice: "The French picture of us Germans is the true picture, and we glory in it!" What more can we English say when you Germans have condemned yourselves afresh by word and deed? You have made utter fools of us English in the eyes of the French. See how they are laughing at us. We will never forgive you for it!'

This British reaction to the German National-Socialist Movement found vent both in parliamentary language and in a popular demonstration. The object of the demonstration was Herr Alfred Rosenberg,<sup>1</sup> Herr Hitler's confidential adviser on foreign affairs, who would seem to have been either unaware of the new state of feeling in Great Britain, or else overconfident of his own ability to overcome it, since he insisted upon paying a visit to London in May 1933 in the apparent expectation of carrying all before him. Herr Rosenberg met with such a hostile reception from the British public that he broke his visit off and returned home to report. It was regrettable that an emissary from the Chancellor of the German Reich should have met with discourtesies that might put an additional strain upon Anglo-German relations; but it was also perhaps after all not inexpedient that the true state of British feeling should have been conveyed so promptly and plainly to the highest National-Socialist quarters.

The measured words that were spoken in the House of Commons at Westminster were even more significant than the demonstrations against Herr Rosenberg in the London streets.

<sup>1</sup> In spite of his name, Herr Rosenberg was not a Jew but a Gentile. He was a member of the German colonial diaspora in the Balticum, where a surname of this form was not a mark of Jewish origin.

The theme of German ingratitude for British good offices was expounded both by the Foreign Secretary of the day and by one of his predecessors in office who was entitled to speak with equal authority.

This country [said Sir John Simon in a debate on disarmament on the 7th November, 1933] has led the way in restoring Germany to her position as an equal partner, and in removing the discriminations which pressed upon her. Let the House remember that it was we, this country, which took the chief part in making Germany a member of the League of Nations and a permanent member of the Council—positions which she is now spurning. It was we who pressed for and secured the withdrawal of the army of occupation from the Rhineland. The history of Reparations, from the Dawes Plan to Lausanne, furnishes another illustration.

In an earlier debate, on the 5th July, the same point had been made, with a stronger touch of personal feeling, by Sir Austen Chamberlain.

For four or five very busy and responsible years, I worked my hardest, and, as I thought at the time, not without some measure of success, to bring Germany back as an equal into the comity of nations, to end the bickering and pin-pricking which she had no doubt suffered ever since the War, to put our relations on a friendly and even a confidential footing, and to go forward with old friends and new friends to build a better future for our country and the World. I see all those hopes, if not destroyed, adjourned, delayed, postponed, by this new spirit which is prevailing in Germany. It is not only the internal aspect, it is not only the internal events in which the new spirit finds expression. Locarno stood, for a time at any rate, as a symbol of peace and reconciliation, but in the new Germany the name of Stresemann has no respect, Locarno is a word of abuse.

No less strong was the language of a member of the Labour Party, Mr. Attlee, who opened for the Opposition a debate on foreign affairs on the 13th April.

I think this House and this country ought to say that we will not countenance for a moment the yielding to Hitler and force what was denied to Stresemann and reason.

And in the course of the same debate Sir Austen Chamberlain adopted the same position.

What is this new spirit of German Nationalism? The worst of the All-Prussian Imperialism, with an added savagery, a racial pride, an exclusiveness which cannot allow to any fellow-subject not of 'pure Nordic birth' equality of rights and citizenship within the nation to which he belongs. Are you going to discuss revision with a Government like that? Are you going to discuss with such a Government the Polish Corridor? The Polish Corridor is inhabited by Poles; do you dare to put another Pole under the heel of such a Government?



In this same debate, the Prime Minister, Mr. Ramsay MacDonald, raised the delicate but crucial question of whether the new régime in Germany could be trusted to carry out its undertakings.

The great difficulty is that, if no one believes it, we had better believe no one. I am bound to say that sometimes I am almost driven into that most uncomfortable position. It is no use talking about disarming by agreement, it is no use talking about pacts, it is no use talking about co-operation for peace unless you have had some experience which justifies you in accepting the word of those with whom you are to co-operate.

The striking thing about these pronouncements was that they were not mere expressions of individual feeling and opinion but were supported by a consensus of the whole House. This unanimity was emphasized by both Sir Austen Chamberlain and Miss Rathbone in the debate on the 13th April, and by Sir Austen Chamberlain again in the debate on the 5th July; and on both these occasions the point was driven home by the Foreign Secretary, Sir John Simon, *à propos* of the Nazi persecution of the Jews.

This debate [Sir John Simon said on the 13th April] has been especially useful because it has expressed the deep, general and, I might say, universal feeling that is entertained in this country on the recent treatment of Jews and other minorities in Germany. I do not think it would be out of place if I say now, speaking as a Member of the Government, that it would be a profound mistake for any one in any country to imagine that this feeling is either limited to or instigated by members of the Jewish community. On the contrary, it is a spontaneous expression and it is an inevitable expression of the attachment which we all feel to the principle of racial toleration. . . . It is not a Jewish outlook and it is not merely the outlook of a section or of a party; it is what may truly be called the Anglo-Saxon outlook. It is the outlook of those who have inherited traditions which have been common to England and Germany alike. I make these observations knowing well the responsibility which rests upon the Government in such a matter, and I do not believe that we should be expressing the feelings of the country if I did not associate myself with what has been said on this subject to-day.

These words were explicitly recalled and deliberately re-affirmed by Sir John Simon on the 5th July.

There have been very general indications of a feeling of distress and concern about the situation in which certain minorities find themselves in Germany—and I by no means confine myself to the Jews. I will only say, as I said before, that I am perfectly convinced—and it is well that others in other countries should realize it—that what has been said to-day is not said in any spirit of narrow criticism or sectionalism. It is the real expression of the reaction of the British people as a whole. . . .

I will add this. There is in this country, and there has been for many years past, a great body of opinion that has been by no means blind to the claims of the great German people to sympathetic consideration in

view of their position after the War. The tragic thing is that events that are happening now, and that have recently happened, have done so much to forfeit, in the minds of those very people who are most sympathetic to the German people, some of the sympathy which, I presume to say, Germany needs.

Additional point was given to the repetition of Sir John Simon's declaration by the fact that the relevant passage in his speech of the 13th April had drawn an immediate official protest from the German Government.

Thus the moral opposition of the British Government and people to the German National-Socialist movement was unanimous and whole-hearted. But the strength of their feelings about this new portent on the Continent did not imply that they would be equally strong in act. So far from that, some of the most outspoken British critics of 'the Third Reich'—and this on the extreme Left as well as on the extreme Right of the British political gamut—drew the moral, not that Great Britain ought now to intervene whole-heartedly in Continental affairs in order to play her part in warding off a new danger to the Western Civilization, but rather that she ought at once to shake off from her feet the dust of a Continent which Herr Hitler's voice proclaimed to be a city of destruction. The most able exponent of this negative policy in the House of Commons was Mr. Winston Churchill, who argued consistently, in the debates of the 23rd March and the 13th April and the 7th November, that His Majesty's Government ought now forthwith to cease adjuring France to reduce her armaments, in order that the United Kingdom might be quit of any moral obligation to come to the assistance of France in another Franco-German War. In advocating this policy, Mr. Churchill did not carry with him a majority either in the House or in the country; and his policy was far from being adopted by the Government. 'We shall not get out of our difficulties', said Sir John Simon in the House of Commons at Westminster on the 7th November, 'by crying isolation when the conditions for isolation have disappeared and cannot exist.' The insular isolation to which Mr. Churchill harked back was indeed an academic dream in an age in which Great Britain had been welded on to the Continent by links of air; and it could not seriously be imagined that even those Frenchmen who had been most irritated by the British preaching of disarmament would desire to be relieved of this nuisance at the price of being left in the lurch. Thus Mr. Churchill's programme for the clarification of Anglo-French relations was hardly practical politics. Yet its exposition was not without political importance, as a hint that it would be unwise to infer the

probable action of the British Government and people from their manifest feelings.

The British attitude towards 'the Third Reich' was accentuated and almost caricatured in the United States, where the moral denunciation was equally vehement and still more plainly platonic. The same feelings were displayed in the Scandinavian countries; and this Scandinavian hostility touched the Nazis to the quick, since Scandinavia, the reputed cradle of 'Nordic Man', was the Holy Land of Herr Hitler's cult of Race, and, if there was anything in the racial creed, the pure-bred Scandinavians ought to have danced more enthusiastically to the Alpine *Führer's* pipings than either the Celtified Nordics of Britain or the Teutonized Alpines of Bavaria and Austria or the Slavified bleached-*proto-Negroids* of Prussia-beyond-the-Elbe.<sup>1</sup> Accordingly, the rebuffs received from Scandinavian quarters were felt by the Nazis to be a mortifying slap in the face; and they were particularly sensitive to the reaction in Sweden, which was not only the largest and strongest of the Scandinavian countries but had also been the most benevolent of them towards Germany in her neutrality during the War.

Scandinavian-German relations in 1933 ran the same course as British-German relations, and this almost point for point. Herr Rosenberg's 'goodwill tour' in England in May was not more efficacious, in producing the exact opposite of the intended result, than the simultaneous Scandinavian tour of Herr Rosenberg's colleague Herr Bogs. And the German Government's official protest of the 15th April against Sir John Simon's words on the 13th was matched by at least three German protests of the kind against similar pronouncements in Scandinavia. On the 9th February, for instance, Captain Göring protested telegraphically against a reference to Herr Hitler in the Swedish newspaper *Goteborgs Handels och Sjöfartstidning*. On the 7th March, the German *chargé d'affaires* at Stockholm protested verbally against a reference to Herr Hitler in a speech by the Swedish Prime Minister. And another German official protest was made in the same capital against a speech delivered by the Swedish Minister of Commerce on May Day.

A particularly bad impression was created in all the Scandinavian countries and throughout the World by the Nazi agitation in Northern Slesvik: a small fraction, recovered by Denmark in the Peace Settlement of 1919, of those large territories that had been conquered from

<sup>1</sup> For this interesting racial strain, which was one of the latest discoveries of scientific Ethnology, see R. B. Dixon: *The Racial History of Man* (New York, 1923, Scribner), pp. 74-5.

Denmark by Prussia and Austria in 1864. The Nazi offence here was flagrant because the conduct of the Danes had been a model of good behaviour. Between 1864 and 1918, the Danes had received extreme provocation; for Prussia, who had acquired the whole of the joint Austro-Prussian conquests at Denmark's expense through the subsequent Prussian victory over Austria in 1866, had never carried out the undertaking to hold a plebiscite in Northern Slesvik which the Austrians had chivalrously insisted upon inserting into the Austro-Prussian Peace Treaty of Prague; and for the next half-century the Prussian régime had done its utmost to germanize the Slesvik Danes by much the same methods as those which it employed against the Poles in the Ostmark. Nevertheless, in 1919-20, when Germany was prostrate, the Danes did not allow themselves to be influenced by feelings of revenge and were scrupulous in declining to take back more from Germany than was due to them in justice. Indeed, the Danish Government were more moderate in their presentation of the Danish case than the Commission of the Peace Conference of Paris to which the question was referred by the Allied and Associated Powers; and the boundaries of the two zones that were delimited for the purpose of the plebiscite were drawn in such a way that, when (according to expectations) the northern zone voted for Denmark and the southern for Germany, the German minority which was thereby brought under Danish rule was not greater in numbers than the Danish minority which was still left in Germany.<sup>1</sup> Thereafter, the Danish authorities were careful to give their handful of new German subjects the utmost freedom in the linguistic, educational and cultural spheres. In view of all this, the Danes had at least as good reason as the English to complain of German ingratitude in 1933.<sup>2</sup>

The ingratitude here took the extreme form of a threat which was first uttered in April by a certain Pastor Peperkorn, who was one of the North-Slesvik German Nazi leaders. The Nazis, he said, intended to reconquer Northern Slesvik for Germany 'in a lightning flash', and after this *fait accompli* a revision of the Danish-German frontier would follow through direct negotiations *à deux* without any foreign interference. In other words, the Nazis proposed to recompense Denmark for her moderation by dealing with her over Northern Slesvik as the Poles had dealt with Lithuania over Vilna<sup>3</sup> and the Japanese with China over Manchuria.<sup>4</sup> The Nazis might reply that

<sup>1</sup> See the *History of the Peace Conference of Paris*, vol. ii, pp. 203-6.

<sup>2</sup> The point was not overlooked by Sir Austen Chamberlain in his speech in the House of Commons at Westminster on the 7th July, 1933.

<sup>3</sup> See the *Survey for 1920-3*, Part III, section (ii) 2 (b).

<sup>4</sup> See the *Survey for 1931*, Part IV, section (iii) (b) (2).

they had no special grievance against Denmark and had only singled her out because she was the weakest of the successor states and therefore the most promising target for a first attack with a view to setting the ball of territorial treaty-revision rolling. But this cold-blooded explanation of the rationality of the Nazi tactics was not calculated to make them any more popular either in Denmark itself or in the other countries with which the Nazis might plan to settle their accounts in similar fashion at later dates.

In view of the local Nazi agitation in Northern Slesvik, the Danish Rigsdag passed, on the 12th April, 1933, a bill prohibiting members of political organizations from wearing uniforms; but on the 28th April the Cabinet, with characteristic moderation, decided not to incur any special new expenditure for the defence of the threatened territory. This decision was the more remarkable in view of the lowness of the level to which the armed forces of Denmark had already been reduced.<sup>1</sup> At the same time the Danish Social-Democrats, to whom these reductions had been chiefly due, now began under the influence of the Nazi menace, to display a less pacific disposition. And in Sweden, where the virtually complete self-disarmament of Denmark had always been deprecated,<sup>2</sup> the Nazi agitation in Northern Slesvik was now taken seriously as a threat to the most dangerously exposed of the post-war frontiers of Scandinavia. In October 1933 the Social-Democratic Prime Minister of Sweden, Mr. Hansson, paid a visit to the Social-Democratic Prime Minister of Denmark, Mr. Stauning; and while the official purpose of the visit was to celebrate Mr. Stauning's sixtieth birthday, it was surmised that the two Governments were in fact more concerned to make a demonstration of Scandinavian solidarity.

Besides the Scandinavian countries, two other West-European neutrals who were Germany's immediate neighbours were disturbed in 1933 by the ground-swell of the Nazi wave. In Switzerland, in the autumn, there was a rumour of a projected Nazi *coup de main*—no, according to the story, for the purpose of seizing Swiss territory, like the threatened seizure of Danish territory in Northern Slesvik, but with an eye to making a surprise attack across Switzerland upon France, in the manner of the German invasion of Belgium in 1914. This rumour received a formal *démenti* from the German Government on the 29th September. Nevertheless, on the 22nd December, the Swiss Federal Council passed a supplementary vote of 82,000,000 Swiss francs for national defence. In Holland, the Nazi propagand

<sup>1</sup> See the *Survey for 1924*, pp. 73-5, and the *Survey for 1929*, p. 32 n.

<sup>2</sup> See the *Survey for 1924*, pp. 75-6.

among the 25,000 German miners in the Dutch province of Limburg gave almost as much trouble as the Danish Government was being given by the similar agitation among the 27,000 German inhabitants of Northern Slesvik. The leader of the Nazi movement among the Germans in Holland had to be expelled from Dutch territory; and in July 1933 all German Nazi organizations in Holland were dissolved by order of the Dutch Minister of Justice.

### *5. The Reactions in the Soviet Union and Poland*

If Western public opinion was incensed at seeing its best hopes of Germany shattered, Russian statesmanship was appalled at seeing its worst fears realized.

To begin with, the annihilation of the German Communist Party by the victorious Nazis was a painful blow to the Russian Communists, as the annihilation of the German Social-Democratic Party was a painful blow to the British Labour Movement. The Russian prophets of a world-wide Communist Revolution had seen, in the German Party, the destined instrument for the overthrow of the Capitalist régime throughout Europe; and, though this ambitious rôle had really ceased to be practical politics for the German Communists after the capitulation of the Weimar Republic to Monsieur Poincaré at the close of 1923<sup>1</sup> and the consequent alleviation of the pressure upon the German body social after the inauguration of Dr. Stresemann's policy of appeasement, still the German Communist Party had remained, till Captain Göring smote it in February 1933, the most powerful of any of the national Communist organizations in the World outside the frontiers of the Soviet Union. To see this sister-party destroyed in a trice must have given the Russian Communists a shock; and their displeasure must have been aggravated by the direct attacks which the Nazis also made upon Soviet citizens and institutions in Germany; for example, the restrictive measures against Soviet newspaper-correspondents which have been mentioned above,<sup>2</sup> and the police raids, on the 24th April, 1933, against the Berlin and provincial offices of 'Derop', the Soviet petrol-marketing organization in Germany.

The fate of the German Communists and the rough handling of Soviet interests in the Reich were not, however, the aspects of the National-Socialist Revolution that caused the Soviet Government the gravest concern. In the course of their chequered history, the Soviet rulers had more than once seen other Governments in other countries take action which had been almost equally drastic and

<sup>1</sup> See the *Survey for 1924*, pp. 212-17.

<sup>2</sup> See p. 155.

equally painful to Russian Communist feelings, without ceasing to cultivate relations with the countries in question. Indeed, Fascist Italy, within whose frontiers Communism was a *religio non licita*, had been the first of the post-war Great Powers to enter into normal diplomatic and commercial relations with the Soviet Union.<sup>1</sup> On this precedent, Russian Communist statesmanship might have looked forward to maintaining with 'the Third Reich' the mutually profitable good relations which it had established with the Weimar Republic in the Treaty of Rapallo, in spite of the suppression of Communism within the German frontiers under the new régime. What disturbed the Soviet Government most deeply was the possibility that the Nazis' anti-Communist 'drive' might not stop at the frontiers, but might one day sweep on past the post-war and the pre-war eastern limits of the Reich into the choicest part of the Soviet Government's own dominions.

This possibility was foreshadowed in the public pronouncements of leading members of the German National-Socialist Party, from the *Führer* himself downwards; the means for translating it into action had now been acquired by the Nazis through their mastery of the potential military resources of the Reich; and the opportunity might be created by concerted action between Germany and the Soviet Union's other militantly aggressive neighbour, Japan.

The essence of Herr Hitler's foreign policy, as expounded in his publications and utterances before coming into power, was contained in the proposition that the German nation was a *Volk ohne Raum* and in the doctrine that force was a legitimate and indispensable instrument for realizing national aims. According to Herr Hitler, the German people was entitled, in virtue of its high degree of culture, to as high a standard of living as any people in the World; and, for maintaining a people of these numbers (in which Herr Hitler included the Germans outside the post-war frontiers of the Reich) at the standard to which they claimed a right, the geographical area and natural resources of even the pre-war Reich—not to speak of the post-war Reich—were dismissed by Herr Hitler as being utterly inadequate. In his view, Germany must acquire territory on a vastly greater scale than that, and she must seek it in a quarter where the resistance of the present owners would be the most easily overcome and where the fruits of the conquest would be the most conveniently harvested. In the light of Germany's experience in the General War of 1914-18, Herr Hitler opined that Germany's future lay not 'on the water' (where the ex-Kaiser Wilhelm II had espied it in 1896),

<sup>1</sup> See the *Survey for 1924*, pp. 228-33.

but overland. In 1918, at the moment when Germany was brought to her knees by the combined effects of her military defeat on the Western front and her economic constriction through the naval blockade, her victorious armies in the east were overrunning the Ukraine and racing neck-and-neck with the Turks for the occupation of Transcaucasia. A great Eastern Empire—a Reich which would have given her all the *Raum* that she needed—had been actually within her grasp when the Western victors compelled her to relinquish the prize. If, in 1914, Germany had avoided involving herself in war with the Western Powers and had had only Russia for her antagonist, she could have conquered that Eastern Empire, not in a deadly four years' struggle, but 'before the leaves fell' in the self-same autumn, as easily and cheaply as Prussia had conquered the hegemony of Germany from Austria in 1866. The fatal error of challenging the whole World at once had involved Germany in a terrible defeat; but she was now recovering from her temporary prostration; the Nazi movement was reviving her military spirit; and she might still find an opportunity of trying her military fortunes in a fresh Eastern war of conquest without western complications. These Hitlerian ideas were shared and preached by Herr Hitler's adviser on foreign affairs, Herr Alfred Rosenberg,<sup>1</sup> who was a member of the German diaspora in the Balticum. As a descendant of the pioneers of medieval German eastward expansion, Herr Rosenberg aspired to lead a new Teutonic Crusade along an ancestral war-path.<sup>2</sup>

Herr Rosenberg was referred to by name, as the leading Nazi advocate of this policy, by Monsieur Molotov, the President of the Council of People's Kommissars, in a speech which he delivered at Moscow on the 28th December, 1933, at a session of the Central Executive Committee of the Soviet Union; and the same Nazi policy was also commented upon, with equal emphasis, by Monsieur Litvinov, the Kommissar for Foreign Affairs, in a speech which he delivered before the same body on the 29th of the same month. It

<sup>1</sup> For Herr Rosenberg's unsuccessful 'goodwill tour' in England in May 1933, see p. 167 above.

<sup>2</sup> An exposition of Herr Rosenberg's programme will be found in his published works, e.g. *Der Zukunftsweg einer deutschen Aussenpolitik* (1923); *Die Entwicklung der deutschen Freiheitsbewegung* (1933); *Der Mythos des 20. Jahrhunderts: Eine Wertung der seelischen-geistigen Gestaltenkämpfe unserer Zeit* (1934). After the advent of the National-Socialist Party to power in Germany, Herr Rosenberg considerably modified his doctrine—explaining part of it away, and toning down the rest. We may conjecture that, in subjecting himself to this process of self-mortification, he was acting at the instance of colleagues who found that a propaganda which had been grist to their mill, so long as they were in the wilderness, was attracting an embarrassing attention abroad now that the Party was in power in the Reich.



was significant that both these authoritative Russian speakers spoke of the policy of 'the Third Reich' in close connexion with the policy of Japan.

In truth, the Soviet Union found itself caught between two fires now that the triumph of militarism in Japan, which had followed the Japanese *coup de main* in Manchuria on the 18th-19th September, 1931, was matched, on the Union's opposite flank, by the triumph of Nazidom in Germany that had followed Herr Hitler's advent to power in Berlin on the 30th January, 1933. And, from the Russian standpoint, it was hard to say which of the two menaces was the more formidable.

On the one hand, Japan, in 1933, was more *aktionsfähig* than Germany; for Japan had never been disarmed; the provisions of the Washington Treaties of 1921-2 had left her militarily and navally mistress of the situation in the Far East; and her dealings with the League of Nations and the United States during the past two years had seemed to prove that, within her Far Eastern radius, she could defy the World with impunity. Within that radius lay not only the Maritime Province of the Soviet Union, but also the main body of Eastern Siberia, at least as far west as Lake Baikal. Since 1932, when the Japanese Army had completed its occupation of Manchuria and bestridden the Chinese Eastern Railway, Japan, *vis-à-vis* Russia, was in possession of the interior lines, and the Japanese front in the Far East was much nearer than the Russian front to the national sources of supply. If it came to a war, the Russians would be handicapped by the distance of the field of operations, as well as by the disposition of the local *terrain*; and, even in the unlikely event of Russia finding an ally, Japan would almost certainly be in a position to prevent that ally from coming to Russia's assistance directly.

Compared with this immediate menace from Japan, the immediate menace to Russia from Germany in 1933 was not so alarming; for in 1933 Germany was still disarmed; she was geographically insulated from the territories of the Soviet Union by the broad belt of the post-war successor states, extending from Finland and Poland in the north to the Little Entente in the south; and if she did attempt to attack Russia overland, she would not merely have to reckon first with these East-European successor states across whose territories the German armies would have to make their passage; she would also have to reckon with France, who would not readily tolerate any vast change in the European balance of power to Germany's advantage. In contrast to the inability of the British and United States fleets to attack Japan in Far Eastern waters, the French Army in

1933 was fully able to attack Germany in the Rhineland and the Ruhr; and unless and until Herren Rosenberg and Hitler could make certain of being immune from French attack on the west, they could not safely embark on an eastward adventure. To that extent, the Soviet Government could sleep easy in 1933, as far as the German threat to the Soviet Union was concerned. On the other hand, the internal political situation in the threatened territories was less favourable for the Soviet Government on the west than on the east. The Russian colonists in Siberia might be trusted to fight fiercely against a Japanese invader, whereas the Ukrainians and the Georgians nursed unsatisfied national aspirations which might incline them to look upon even the Nazi as a liberator. The most pertinent consideration of all, however, was the relative importance of the two threatened regions in the life of the Soviet body social; and from this point of view it was clear that, although the German threat might be considerably the less imminent, it was vastly the more serious of the two. If the worst came to the worst in the Far East and Japan conquered all the Soviet dominions east of Lake Baikal, the main body of the Soviet Union would scarcely feel the effects of the amputation. On the other hand, if the worst occurred on the west and Germany became mistress of the Ukraine, the Soviet Union would have been dealt a deadly, and possibly a mortal, blow; for the Ukraine was the Union's principal granary and workshop, and the loss could not be replaced for years, however rapidly the metallurgical industry of the Urals and the wheat production of Western Siberia might be developed by successive Five-Years' Plans.

Thus Herr Rosenberg's programme had to be taken very seriously by Soviet statesmanship if there was any visible prospect of its becoming practical politics. Was there any such prospect on the international horizon in 1933? Conceivably there was if the Germans and the Japanese were to put their heads together and to lay plans for concerted action; and in 1933 this combination must have occupied the attention of active minds in Berlin and Tokyo as well as in Moscow. The history of international relations showed that there was no cement of friendship so efficacious as a common object of hostility. The Soviet Union, after all, was the victim at whose expense both Germany and Japan could most readily satisfy the hunger for territorial expansion by which both these Powers were at this time tormented; and if it were true that the main obstacle which they would have to fear would be not the resistance of Russia herself but the intervention of third parties, then there was much to be said for acting in concert and for directing their action against

the one Power in the World that was still more unpopular than they were themselves. If, in 1933, Germany were to invade Danish Slesvik or Japan Netherlands India, they would each be running the risk of arousing the World's wrath as it had been aroused in 1914 by the German invasion of Belgium. But as for Communist Russia, who would feel a pang, or *a fortiori* lift a finger, on her behalf, were she the victim of attack, even if the attack were an act of naked aggression and Germany and Japan were the aggressors? In the Western countries which, in such a conflict, would theoretically hold the balance, would not the sympathies of different classes be so acutely divided between the belligerents that in practice the *Aktionsfähigkeit* of these Powers would be paralysed, so that they would be compelled to look on passively while the two black sheep in the international flock conducted their 'crusade' against the Soviet Union at their own will and for their own profit?

This was the nightmare by which the Communist rulers of Russia were haunted in 1933. The Soviet Union had never been so perilously exposed to the threat of foreign aggression at any time since the evacuation of the Crimea by General Wrangel in December 1921 and the evacuation of Vladivostok by the Japanese in October 1922. In this situation, the Soviet Government persistently declined to allow either Germany or Japan to pick a quarrel with them, and at the same time they bestirred themselves more actively, and also more successfully, than ever before to make friends with the Mammon of Capitalist unrighteousness wherever a common fear of German or Japanese intentions offered the Soviet diplomacy an opening. In order to remove any lingering suspicions from the minds of those nations with whom they now sought an understanding for the purpose of mutual defence against a common danger, the Soviet Government accompanied their overtures in 1933 by pointedly proclaiming their conversion, on territorial questions, to the anti-revisionist doctrine. This was an impressive demonstration of non-aggressive intentions on the part of the Power which had lost more heavily in territory than any other belligerent in the late War; and it also offered a remarkable contrast with the post-war policy of Italy—a belligerent whose territorial gains in the Peace Settlement of 1919–20 had not deterred her from crossing over thereafter to the revisionist camp.

In the Far Eastern quarter, Russia's anxiety in 1933 to avoid coming to blows with a bad neighbour was illustrated by her patient negotiations with the Japanese over the price at which she was to sell out her interest in the Chinese Eastern Railway, while her efforts to win friends in need were here richly rewarded by her success in

at last inducing the United States to renew diplomatic relations with her. These two transactions are dealt with in another part of the present volume.<sup>1</sup> In this place, we have to examine the first phase of the parallel and contemporary and equally successful activities of Russian statesmanship in Europe.

In the relations between Russia and Germany, the German police-raids of the 24th April, 1933, on the 'Derop' offices in the territory of the Reich were followed, no later than the 28th of the same month, by the first meeting, since Herr Hitler's accession to office, between the Chancellor and the Soviet Ambassador in Berlin. Possibly the political effect in Moscow of the 'Derop' raids may have suggested to Herr Hitler's mind that the Russo-German entente which he had inherited from his predecessors was too costly a treasure to be sacrificed recklessly on the altar of his anti-Marxian faith. On the other side, the Soviet Government by this time had travelled far, on their part, from their early counsel of perfection that Capitalist Powers, as such, were to be treated as 'untouchables'. This common will to peace took practical form, forthwith, in the exchange of ratifications at Moscow, on the 5th May, 1933, of two diplomatic instruments, implementing the original Rapallo Treaty of 1922, which had both been signed some time back but had remained thereafter in a state of suspension. One of the two was the German-Soviet Conciliation Agreement which had been signed on the 25th January, 1929;<sup>2</sup> the other was a protocol, signed in Moscow on the 24th June, 1931, for prolonging the German-Soviet Neutrality Treaty of the 24th April, 1926, which expired on the 29th June, 1931.<sup>3</sup> This formal transaction in May 1933 was a certain offset to the moral alienation of the two parties from one another which had followed the inauguration of the new régime in Germany. Yet, even if this exchange of ratifications may have tempered the Soviet Government's misgivings towards 'the Third Reich', it was so far from allaying them that the Soviet Government continued to pursue, with all their might, their parallel European policy of making friends with as many as possible of Germany's other uneasy European neighbours.

The first step in this direction which was taken by Soviet diplomacy in 1933 was the submission by the Soviet delegation at the Disarmament Conference, during the discussion of the French plan in February, of a proposal for defining the aggressor which was so uncompromising and so comprehensive that the French themselves

<sup>1</sup> See Part IV, sections (v) and (vi), below.

<sup>2</sup> See the *Survey for 1930*, pp. 120-7; text in *Documents for 1929*, pp. 156-9.

<sup>3</sup> *Survey for 1927*, pp. 301-10.

could not find fault with it. This Soviet proposal of the 6th February, and the later drafts which were drawn on the basis of it, are dealt with below in other chapters, in connexion with the rest of the Disarmament Conference's work.<sup>1</sup> In the meantime, the Soviet Government continued assiduously to nurse the seed which they had thus sown.

Their next step was a public declaration of conversion to the anti-revisionist standpoint in regard to the territorial terms of the Peace Treaties. The declaration took the form of a series of articles by Monsieur Radek which appeared in the Moscow *Izvestia* between the 12th May and the 24th and which were couched in the Communist equivalent of biblical language; but neither the tone nor the form of the declaration detracted from its political importance.<sup>2</sup> The gist of the declaration is contained in the following extract:

The way to revision of the predatory Versailles Peace leads through a new world-war. Discussion of revision is the smoke-screen behind which Imperialism prepares the most terrible and ruthless war that the human brain can conceive, a war by comparison with which all the horrors of the Imperialistic War of 1914-18 will pale. . . . The mere fact that revision of the Versailles Treaty is linked up with the victory of Fascism shows how much this revision could reckon with the interests of the masses of nations which are regarded by the *Fascisti* as 'lower'.<sup>3</sup>

In this declaration, the Soviet diplomacy effectively prepared its ground; and a few weeks later, after the adjournment of the General Commission of the Disarmament Conference on the 8th June, 1933, Monsieur Litvinov succeeded in extracting a political harvest from the unpromising soil of the World Economic Conference in London.

At this diplomatic gathering of delegations from no less than sixty-four countries, Monsieur Litvinov found representatives of all the states that had become parties to the Moscow Protocol of the 9th February, 1929, for the implementation of the Kellogg-Briand Pact. Monsieur Litvinov now proposed that the Soviet Union and the other parties to the Moscow Protocol should repeat their previous gesture of anticipating, as between themselves, the general carrying

<sup>1</sup> See pp. 234, 245-6, 278 *seqq.* below.

<sup>2</sup> It may be noted, for example, that the uncomplimentary reference to Fascism in the passage from one of Monsieur Radek's articles which is quoted below was written immediately after the ratification of the two Russo-German agreements on the 5th May, 1933, at Moscow (see p. 180 above); and that it was followed, before the end of the calendar year, by the signature, at Rome, on the 2nd September, 1933, of an Italo-Soviet Pact of Friendship, Non-Aggression, and Neutrality. In December 1933, Monsieur Litvinov paid a visit to Italy and had a cordial reception.

<sup>3</sup> English translation in *The Bulletin of International News*, vol. x, No. 4, 17th August, 1933.

into force of the Kellogg-Briand Pact by now adopting—again, anticipatorily and as between themselves—the Geneva draft of the 24th May, 1933, defining aggression: in advance, this time, of the conclusion of a General Disarmament Convention. Monsieur Litvinov's proposal was accepted by all but two of the countries to which it was addressed, and it was significant that Rumania was not among the dissentients—as she might have been expected to be, considering the breakdown of the previous Soviet-Rumanian negotiations for a non-aggression pact in 1932, owing to the failure to find a mutually satisfactory diplomatic procedure for disposing of the awkward question of Bessarabia.<sup>1</sup> This time, the dissentients were Finland and Lithuania; and all the other countries in question—that is, Afghanistan, Estonia, Latvia, Persia, Poland, Rumania, Turkey and the U.S.S.R.—duly signed, on the 3rd July, 1933, a convention accepting, as among themselves, the definition of aggression contained in the Geneva draft of the 24th May, 1933. The terms of this convention and its annex need not be analysed in this place, since the texts are printed in full in the accompanying volume of documents.<sup>2</sup> It is sufficient to mention here that the annex explicitly ruled out, as possible justifications of the aggression which was defined in the convention itself, certain circumstances in the international conduct of a state which had been put forward, at various times, as justifications for projects of aggression against the Soviet Union and which had also been cited by Japan, since the 18th-19th September, 1931, as justifications for her actual aggression against China.<sup>3</sup>

This achievement of Soviet diplomacy, which was sufficiently remarkable as it stood,<sup>4</sup> was made the more impressive through being rounded off, before the end of the calendar month, by the accession of all, and more than all, the missing countries. On the 5th July, 1933, a separate bilateral convention, identical in terms with the multilateral convention of the 3rd July, was concluded between the Soviet Union and Lithuania (who thus reconciled a neighbourly co-operativeness with an indulgence of her own *amour propre* by avoiding a direct transaction with Poland). And on the

<sup>1</sup> See the *Survey for 1920-3*, pp. 273-8; the *Survey for 1924*, pp. 263-5; and the *Survey for 1927*, pp. 297-300.

<sup>2</sup> *Documents on International Affairs, 1933*.

<sup>3</sup> It may be conjectured that this annex was also of interest to the Latin-American Republics in respect of their relations with the United States.

<sup>4</sup> Monsieur Litvinov also found an opportunity, at the London Conference, for taking the first steps towards the establishment of diplomatic relations between the U.S.S.R. and the United States (see Part IV, section (vi), pp. 530 *seqq.* below).

4th July the multilateral convention of the 3rd—to which one member of the Little Entente, namely Rumania, was a party—was brought into line with the new statute of the Little Entente<sup>1</sup> by the signature, at the Soviet Embassy in London, of yet another convention, conceived in the same terms as that of the 3rd, to which Czechoslovakia and Yugoslavia were parties as well as Rumania, the Soviet Union and Turkey. This quinquепartite convention of the 5th July contained an additional article conferring a right of adherence upon other countries, and Finland took the opening thus offered to her by duly adhering on the 23rd July—the last act required to make the new chain of agreements complete.

In this chain of agreements, the Russo-Polish link was no doubt the most important in Monsieur Litvinov's eyes; but his satisfaction at this fresh attestation of good-neighbourliness in the relations between the Soviet Union and Poland may have been tempered by his observation of a remarkable improvement which was now taking place in the relations between Poland and Germany.

The reappearance of a sovereign independent Polish state on the post-war political map of Europe had been made possible by the simultaneous downfall of the Hohenzollern and the Romanov Empires in the General War of 1914–18; and, on the morrow of the Peace Settlement, it had been an axiom of Polish statesmanship that the German and the Russian neighbours, at whose joint expense the Polish Republic had been resuscitated, were both still Poland's potential enemies. For a permanent Polish foreign policy, this was hardly a possible basis, since the state of prostration and humiliation, which was the condition of both Germany and Russia at the beginning of the post-war period, could not be expected to endure for ever, and Poland manifestly could not afford to be on bad terms with both of two neighbours who were each potentially so very much stronger than Poland herself, if and when their natural strength revived. For the moment, however, the problem of constructing a provisional Polish foreign policy on a simultaneous anti-Russian and anti-German basis had been made soluble by the temporary degradation of both Russia and Germany from the rank of Great Powers. Their abasement had been so extreme that it had not been retrieved by the *rapprochement* into which the two outcasts had been drawn by their companionship in adversity, and to which they had given diplomatic form in 1922 in the Treaty of Rapallo.<sup>2</sup> Indeed, this post-war Russo-German entente had not only involved no material threat to Poland, but had actually improved Poland's international

<sup>1</sup> See p. 204 below.

<sup>2</sup> See the *Survey for 1920–3*, pp. 30–1.

status by emphasizing the fact that, in this quarter of post-war Europe, Poland was, for the time being, the only representative of respectable international society. Her respectability was certified by her possession of two assets—her membership in the League of Nations and her alliance with France—which were both lacking to her two ostracized neighbours. In this situation, Poland found herself not merely once more on the map but also in enjoyment of brevet rank as a Great Power; and, in this situation, any prospect of the recovery of either Germany or Russia tormented Poland with a twofold anxiety: a fear for her military security and a jealousy over her diplomatic status.

This jealousy had flared up on the occasion of Germany's admission to membership in the League, when Poland had rebelled against the prospect of seeing Germany acquire a status in the League superior to that of Poland herself, through being invested with a permanent seat on the Council; and this Polish revolt had only been appeased by the special creation of a new class of 'semi-permanent' seats to meet the case of countries which, like Poland, were of an intermediate calibre between Great Powers and small states.<sup>1</sup> During these middle post-war years, Poland found it more difficult to be on good terms with Germany, whom the Western Powers were inviting back into the comity of nations, than with Russia, who seemed little more eager to re-enter the society of 'capitalist states' than the latter were to re-admit her. Moreover, the Soviet Government, which was still mistress of more territory than it knew how to use, and which did not estimate political power in territorial terms, showed little interest in the large White Russian and Ukrainian territories which it had ceded to Poland in the Peace Treaty of the 18th March, 1921; whereas the German people and Government, under all post-war and pre-Nazi régimes, made a parade of a Magyar-like tenacity in maintaining their claim to the much smaller territories which Germany had been compelled to cede to Poland in the former Prussian Ostmark. In these circumstances it was not surprising that, from the signature of the Peace Treaty of Riga onwards, Polono-Russian relations should have gradually improved, while Polono-German relations seemed as unhappy, on the eve of Herr Hitler's advent to power in Berlin, as they had been at any time since the Peace Settlement of 1919. It was, however, surprising at first sight to see Poland, as well as Russia, apparently taking the Nazi Revolution in Germany as a signal for the reversal of her own post-war international rôle.

Whereas Russia, as we have seen, had parted company with

<sup>1</sup> See the *Survey for 1926*, Part I A, section (i).



Germany—openly declaring her adherence to the anti-revisionist doctrine, and seeking a *rapprochement* with France and her East-European satellites—Poland, who had been on worse terms with Germany than any other of Germany's neighbours, actually found it easier to live on good terms with 'the Third Reich' than with the Weimar Republic. Though Poland did not abandon her old alliance with France or her new understanding with Russia, she did now enter into more friendly relations with Germany; and, within twelve months of the inauguration of the Nazi régime, this German-Polish *rapprochement* culminated in the conclusion of the Pact of the 26th January, 1934.<sup>1</sup> In fact, Poland was the only one of Germany's neighbours with whom Germany's relations not only did not deteriorate but actually improved after the National-Socialist Revolution.

This was perhaps the last consequence of Herr Hitler's advent to power that any student of European politics would have thought of prophesying *a priori*! Yet the key to the puzzle may be found in the post-war position and attitude of Poland as these have been analysed above. The transposition of her respective relations to Germany and to Russia, which Poland made in the course of the year 1933, will no longer appear irrational when it is remembered that, within the same twelve months, Germany and Russia themselves made a virtual exchange of their respective international rôles. Germany now plunged herself into moral outlawry and political isolation—renouncing her membership in the League of Nations, and therewith her permanent seat on the Council; on the other hand, Russia now renounced her political isolation and sought remission of her moral outlawry—and this with such rapid success that, by the end of the calendar year, she was well on the way towards becoming a member of the League, stepping into the permanent seat on the Council which Germany had vacated, and being accepted as an ally by France into the bargain. It will be seen that, if Germany's re-entry into international society in 1925-6 had been unpalatable to Poland, the threatened re-entry of Russia in 1933 was still more disconcerting for her. The re-entry of Germany had increased, instead of diminishing, the value of Poland to France as an eastern ally, whereas the re-entry of Russia threatened to deprive Poland of this distinguished rôle by substituting a greater East-European Power in her stead. If Poland seemed inclined to draw away from Russia in 1933, this was because Monsieur Litvinov was now winning back for Russia her natural 'place in the sun' from which Monsieur Zinoviev had so wantonly kept her out; and if, at the same time,

<sup>1</sup> This transaction will be dealt with in a future volume.

Poland drew closer towards Germany, this was because Herr Hitler was now losing for Germany the position which Herr Stresemann had recovered for her. Poland could afford to be on good terms with either Germany or Russia in the measure in which either of these *ci-devant* Great Powers was remote from the possibility of recovering its historic birthright; and, on this showing, the marked improvement in Polono-German relations which followed the advent of Herr Hitler to power was a good augury for the peace of Europe but not for the elevation of 'the Third Reich' to that pitch of power which was the goal of Herr Hitler's ambitions in the international field.

However that may be, the actual improvement in Polono-German relations was unmistakable and prompt. The change of régime in Germany found the two countries engaged in one of the bouts of their chronic dispute over the status and conditions of the German minority in Poland; and the ostentatious unveiling, on the 14th April, 1933, of a memorial, with a provocative inscription, at a spot on the Pomeranian frontier of post-war Germany, looking out over the Corridor, seemed to proclaim the spirit in which 'the Third Reich' intended to deal with its immediate neighbour on the east. Nevertheless, the advent to power, in Germany, of a Government committed to the Hitler-Rosenberg programme of a sweeping eastward expansion produced less of a flutter in Poland than in Russia (in spite of the fact that, if this German programme were put into action, Poland's turn would necessarily come first as the inescapable penalty of her propinquity); and this Polish calmness was soon rewarded by a German diplomatic *démarche* of the 4th May. On that day, the Polish Minister in Berlin was received by Herr Hitler, and the German Minister in Warsaw simultaneously by the Polish Minister for Foreign Affairs; and it was publicly announced that, at both these meetings, the representatives of the two countries had declared the intention of their respective Governments 'to keep their attitude and their actions strictly within the limits of existing treaties and dispassionately to examine their common interest'. On the 15th November there was an equally friendly conversation in Berlin between Herr Hitler and a newly accredited Polish Minister, Monsieur Lipski; and these deliberate mutual acts of goodwill in 1933 prepared the way for the conclusion of the German-Polish Pact of the 26th January, 1934.

The reality of this general improvement in German-Polish relations was attested in still more concrete and cogent terms by the local improvement in the relations between Warsaw and Danzig which likewise set in, immediately and unmistakably, after the Nazis had

followed up their capture of the Reich by establishing their supremacy in the Free City.

Here, again, the immediate sequel to the change of régime in the Reich, during the interval between the 30th January and the date on which the Free City followed suit, was an act of provocation—this time on the Polish side. At the beginning of March 1933 the Polish Government increased to 200 men the police-force of 88 men which they were entitled, under the Polish-Danzig Agreement of 1921, to keep at Westerplatte, in Danzig Harbour, for the protection of the Polish munition stores there.<sup>1</sup> The League of Nations High Commissioner at Danzig brought the matter to the attention of the Council; and at Geneva, on the 14th March, the Polish Minister for Foreign Affairs, Colonel Beck, agreed to withdraw the additional 112 men in consideration of an undertaking by the President of the Danzig Senate that adequate measures to safeguard the rights of Poland on the Westerplatte Peninsula would be taken by the Danzig authorities. At the same meeting of the Council, the two parties also agreed to accept the Council's proposals for clearing up questions which were in dispute in regard to the recruitment and control of the Danzig Harbour Police. And thus a certain *détente* in Polish-Danzig relations was already achieved before the Nazi capture of Danzig, which began with the seizure of the local trades-union headquarters by local S.A. detachments on the 12th May, 1933, and which was completed when the elections of the 28th May, for the local Volkstag, gave the Nazis 50·03 per cent. of the votes cast and 38 seats in the new Diet out of 72.

Thereafter, the new Nazi régime in Danzig displayed a goodwill towards Poland which marked a new departure in the Free City's policy. On the 3rd July, 1933, the first Nazi President and Vice-President of the Danzig Senate arrived in Warsaw, invested by the newly elected Danzig Volkstag with extraordinary powers, in order to seek a direct understanding with Poland on current matters of dispute; and the negotiations at Danzig, under the auspices of the League High Commissioner, by which this visit was followed, resulted, on the 5th August, in the initialing of an agreement which settled two of the more serious of the questions still outstanding, namely, the use by Poland of the Port of Danzig and the status, in the Free City, of Polish nationals and other persons of Polish origin or language. In the same month, a party of Hitler Youth visited a Polish youth camp in the Tatra; and further progress towards clearing up the still outstanding political questions was made during a second visit which

<sup>1</sup> See the *Survey for 1925*, vol. ii, pp. 242–3, and the *Survey for 1932*, pp. 375, 377.

the President of the Danzig Senate, Herr Rauschning, paid to Warsaw in December.

This simultaneous improvement in the relations of a Nazi Reich and a Nazi Danzig with Poland in 1933 was one of the important international events of the year.

#### 6. *The Reactions in Austria, Hungary and Czechoslovakia*

An Ost-Elbisch Prussian Junker who felt inclined to criticize Reichskanzler Hitler's policy of an appeasement with Poland might have remarked, with some bitterness, that, if the Austrian interloper was able to achieve a diplomatic success which had been beyond the reach of any of his predecessors in the government of post-war Germany, this was simply because he was willing to pay a price—in the renunciation of the old Prussian Ostmark—which no Reichsdeutsch Reichskanzler would have thought of paying, but which an Austrian, no doubt, could pay without a pang. Herr Hitler's Austrian origin may really have had something to do with the conspicuous improvement in German-Polish relations after his advent to power in Berlin; for the Austrians were the one German-speaking people that had learnt to appreciate the Poles and had come to be appreciated by them. It may even be true that Reichskanzler Hitler found it easier to come to an understanding with Poland because the Prussian Ostmark meant less to him than it meant to a Bismarck or a Hindenburg. In any case the converse is true, beyond doubt: that is to say, the *Anschluss* of Austria to 'the Third Reich' was nearer to Herr Hitler's Austrian heart than to the Prussian heart of an Ost-Elbisch Junker. This being the undoubted truth, it must be regarded as one of the major ironies of Herr Hitler's career that, as Reichskanzler in Berlin, he capped his *tour de force* of reconciling Poland with Germany by performing the greater *tour de force* of alienating Austria from her.

Down to the time of Herr Hitler's accession to office in Berlin on the 30th January, 1933, it was taken for granted, not only in Austria but also in Germany and almost everywhere else, that—notwithstanding the discomfiture of the German attempt to achieve a customs union between Austria and Germany in 1931<sup>1</sup>—it was Austria's destiny to be absorbed into the Reich if and when the international situation in Europe changed so far as to remove or nullify the existing vetos. This was taken for granted because there was not any element or party in the population of Austria that would find itself positively penalized, or even intolerably uncomfortable,

<sup>1</sup> See the *Survey for 1931*, Part III A.

inside the German Reich of the Weimar régime. The great majority of the population was accounted for by the Catholics and the Social-Democrats between them; and in the Weimar Republic both these elements had their fair share, not only in the government of the Reich, but in the general control and management of affairs. For the Austrian Republic, to become a *Land* of the Reich under the Weimar régime might still have been painful, because it would have meant bidding a final farewell to the Imperial Austrian tradition, but an *Anschluss* under these conditions would not have had the full measure of the distastefulness which had deterred the Austrian Germans from throwing in their lot with the Reich under the pre-war Bismarckian régime, when the Reich was dominated by the Prussian Junkers, and when the Catholics, as well as the Social-Democrats, were looked at askance by the ruling element as being more or less alien from the spirit of the established political dispensation.

The situation changed very greatly when, in Germany, Herr Hitler and his followers pulled down 'the System of Weimar' and set up 'the Third Reich' in its stead. A detailed record of this change will be reserved for a later volume, since the forces now set in motion came to a head in a later year. In this place, the reactions of the Austrians need only be indicated in a general way as a necessary part of a survey of the effects of the Nazi Revolution in Germany outside the frontiers of the Reich. Some indication of this reaction in Austria is required, in particular, in order to explain the reaction in Italy.

In Austria, the Nazis followed the tactics of attempting to make themselves masters of the country *de facto* in anticipation, or perhaps even in lieu, of a *de jure* change in the state of affairs that had been established by the Peace Settlement; and, after an early promise of success, these tactics began to defeat themselves.

The Austrians were ripe for a militant propaganda in 1933; for although Austria had stood out, in the post-war years, as the most long-suffering, as well as the most sorely afflicted, of all the defeated countries, the temper of her people had been tried beyond endurance by the advent of the World Economic Depression—a fresh turn of the screw which in Austria's case found a plausible explanation, ready to hand, in the intolerable plight to which the Treaty of St. Germain had reduced her. This rising Austrian temper had been exasperated further, in 1931, by the renewal of the veto upon union with Germany, even in the studiously non-political form of the project for an Austro-German customs union. And when the Nazi movement swept over the Reich in 1933 it immediately captured, in

Austria, some part of the urban lower middle class which was the mainstay of the movement in its Reichsdeutsch homeland.

In Austria, however, a large fraction of this class was immune against National Socialism because it was wedded to the old-established indigenous Austrian Catholic movement of Christian Socialism; and even if the Austrian *petite bourgeoisie* had turned Nazi *en masse*, this would not have produced the portentous political effect which a corresponding mass-conversion did produce in the Reich, since in Austria this class was relatively less powerful. Vienna, the one great industrial city of post-war Austria, was at this time politically under the control of its own working class through the agency of the Social-Democratic Party, while in the other nine provinces of the Austrian federal state the towns were overshadowed by the countryside and the power was in the hands of the peasantry. The only province out of the nine in which the Nazis could make any show of being in a majority was Styria—a South-German Ostmark which had been mutilated, like the Prussian Ostmark, by the Peace Settlement. In Styria, the Slovene was at the gates while the Prussian aroused no antipathy because he was never here encountered in the flesh; and on this account Styria, in the pre-war age, had been the home of a local Pan-Germanism which preached *Los von Rom* and *Heil Hohenzollern* in substitution for *Heil Hapsburg*. It was thus in the Styrian tradition to turn Nazi.<sup>1</sup> But Styria had never been able to carry the rest of Austria with her in her provincial idiosyncrasies; and in 1933 the Reichsdeutsch National Socialism which partly captivated Styria left the rest of Austria almost entirely cold.

In the eyes of his Austrian fellow countrymen, Herr Hitler had not the glamour of a saviour, suddenly appearing from beyond the horizon, which was the aspect that he wore in the eyes of his Reichsdeutsch adherents. In Austrian eyes, there was nothing mysterious or poetic about this Austrian *petit bourgeois* who had made his political fortune across the frontier; and the mild amusement which the Austrians might have felt at seeing this child of their own lackadaisical fatherland avenging Sadowa for them by imposing his will so imperiously upon the stiff-necked Prussians was quashed by their annoyance at the message which the emigrant now evidently felt it his family duty to bring home to them; for, to most Austrian minds, Herr Hitler's message was no more new than Herr Hitler himself. If the prophet was, for them, just an Austrian *petit bourgeois* who had

<sup>1</sup> These Styrian Pan-Germans who were ripe for National Socialism in 1933 were the political heirs of early nineteenth-century Styrian Liberals who had turned Nationalist under the pressure of a Slovene *risorgimento*.

grown too big for his boots, they found nothing more in his gospel than the old spirit of Prussianism which he seemed to have naïvely taken for his own and furbished up in a form that was even more offensive to Austrian sensibilities than the rather less plebeian original. Accordingly, in most Austrian minds, the Nazi propaganda in Austria reawakened historic feelings which had been potent from the outbreak of the Austro-Prussian War of 1742–8 until after the close of the Austro-Prussian War of 1866, but which had seemed gradually to be losing their force during the half century ending in 1914 and had taken on the aspect of a pathetic anachronism since the Peace Settlement of 1919–20. In the Nazi campaign for the *Gleichschaltung* of the Austrian Republic, Austrian honour was threatened with the one indignity which would be more painful than the post-war humiliations. In the Peace Settlement of 1919–20 Austria had been shorn of her ancient empire, but she had not been required to submit to a Prussian conquest; and it was this historic Austrian bugbear—so often threatened yet always held at bay—that was now being thrust upon the Austrians in a peculiarly distasteful form. In the school of adversity, they had latterly been learning to think of themselves as prospective citizens of a German democratic republic; but this prospect had now been wiped out through an Austrian dictator's conquest of the Reich; and to be *gleichgeschaltet*, like the Rhinelanders and the Bavarians in 1933, into the mould of Prussian subjects under an aggravated Prussian régime was a prospect which aroused strong aversion and antagonism in most Austrian breasts.

This vehement opposition to the Nazi programme of *Gleichschaltung* was the channel in which the temper of the Austrian people, already on the rise in 1932, found vent in 1933. And thus Herr Hitler duly performed the miracle of waking his Austrian fatherland from the dead, but this in a fashion which was directly counter to his own purpose. Under the impact of the Austrian *Führer's* Reichsdeutsch National Socialism, the artificial Austrian state, which had been deliberately left derelict, in the Peace Settlement, after the demolition of the Hapsburg Monarchy, became, for the first time, the object and the vehicle of a genuine and spontaneous Austrian national feeling; and it was as the champion of this new Austrian nationalism, on an anti-Nazi 'front', that Dr. Dollfuss now unexpectedly stood up to play David to Herr Hitler's Goliath.<sup>1</sup> At the time of writing, in the

<sup>1</sup> A Nazi spokesman would probably reply that this latter-day Austrian David was nothing better than a romantically camouflaged mercenary. In other words, he would enlarge upon the degree to which the Dollfuss Government was indebted to foreign support, both diplomatic and financial. It is a possible, though intrinsically undemonstrable, thesis that, without the foreign

spring of 1934, this struggle was still in progress and its ultimate outcome could not yet be forecast. The most prominent, and ironical, feature in the situation was the fact that the Reichsdeutsch National Socialism, in inspiring an Austrian opposition with its own temper, conjured up an Austrian counter-organization in its own image. As the conflict between Austria and 'the Third Reich' lengthened out, the Austrian Heimwehr, which had been founded after the War as a pale imitation of the Italian Fasci di Combattimento, rapidly took on the tone and tactics of a kind of counter-Nazidom which was only distinguishable by the name of its leader and the cut and colour of its cloth from the Reichsdeutsch movement which was its detested enemy and unintentional trainer.

The history of the warfare which the Austrian Heimwehr now waged on two fronts—a defensive war against the National Socialism of 'the Third Reich' and an offensive war against the Social Democracy of Vienna—will be recorded in a later volume. At this stage, it was merely possible to discern that the new Austrian nation (if the child were destined to be born alive) was begotten of the Nazi conquest of Germany, as the old Austrian Empire had been begotten, four centuries back, of the Ottoman conquest of Orthodox Christendom. In this respect, the 'missions' of the old Austria and the new Austria were curiously similar. Both Austrias took shape in order to take their stand, against apparently hopeless odds, in the path of a formidable and hitherto victorious conqueror. But in another respect the postures of the two Austrias presented a contrast—in the geographical sense that their faces were set in opposite directions. The old Austria had always faced eastward; for she had been founded originally as a Bavarian march against the Avars and the Magyars, before she found her greater mission as the carapace of Western Christendom against the 'Osmanlis. In that phase of Austrian history, it was only the eastward-facing head of the double-headed eagle that was truly alive; and when that head was struck off in 1918

support, Dr. Dollfuss could not have held his own against the Nazi offensive. Yet political movements engineered by foreign Powers for foreign ends are notoriously apt to produce the opposite effects to those which they are designed to bring about; and if the foreign support which Dr. Dollfuss undoubtedly received were really the principal source of his success, then this success must be regarded as a strange and exceptional anomaly. It seems more reasonable to seek the main explanation of Dr. Dollfuss's success in a genuine Austrian national reaction against Hitlerism, while taking care to make full allowance for the foreign factor as a contributory cause. If the foreign factor is given the primacy, we have to ask why, in that case, French or Italian diplomacy chose to wait for the advent of Hitlerism before setting up a Dollfuss to make Austrian policy conform to foreign requirements.



it looked as though that must be the death of the fabulous creature. But now, in 1933, for the first time in Austrian history, the hitherto somnolent westward-facing head of the eagle woke to life with flashing eyes and combative beak. No doubt, compared with the Austria of 1914 (though, not perhaps, by comparison with the Austria of 1526), the Austria of 1933 was a weakling. Yet, in the new situation, there was one fundamental characteristic of Austria—her Catholicism—which was turned, by the new orientation, from a weakness into a strength. In the struggle against the 'Osmanlis, Austria's Catholicism had alienated from her her natural allies among the 'Osmanlis' subjects: Calvinist Magyars and Orthodox Serbs and Rumans. On the other hand, in the struggle against the Nazis, this selfsame Catholicism promised to win sympathy and support for Austria, in the new enemy's camp, among the 20,000,000 Catholic subjects of 'the Third Reich'.

The issue with which Austria was confronted by the establishment of 'the Third Reich' did not immediately confront Austria's neighbour and pre-war partner Hungary, so long as an independent Austrian Republic continued to insulate the post-war Kingdom of Hungary from the Germany of Herr Hitler. Yet Hungary—obsessed though she was with her ever-rankling grievances against the three states-members of the Little Entente, which had inherited between them the half of her pre-war kingdom—now found herself unable to watch the Austro-German struggle, beyond her fourth frontier, with entire detachment and indifference. The German National-Socialist movement had a number of implications for Hungary which were mutually contradictory and which therefore made it difficult for Hungarian statesmanship to define its own attitude towards the new dynamic force in Central Europe. On the one hand, the National-Socialist Revolution in Germany produced a certain excitement, if not elation, in Hungary because 'the Third Reich'—in representing itself as a revolt against 'Marxism' at home and against the Peace Treaties abroad—purported to embody two of the main planks in the post-war political platform of the Magyar governing class. At the same time, the Hungarian magnates doubtless reflected that the Nazi style of reactionariness was not aristocratic but *petite bourgeoisie*, and that the Nazis' interest in treaty-revision was as selfishly concentrated upon the Treaty of Versailles as the Awakening Magyars' interest was concentrated upon the Treaty of Trianon. Thus the advantages which Hungary might hope to gain for herself through Herr Hitler's triumph in Germany were only indirect, while the direct disadvantage which Hungary stood to suffer, if Herr Hitler were to

triumph in Austria as well, was too serious to be overlooked. In that event, Hungary would find herself the immediate neighbour of a Greater Germany whose dominions would extend from the Saar and East Prussia to the Burgenland inclusive. Therewith, a Hungary whose territory had been halved and whose population had been reduced from twenty million to seven million as a result of the Peace Settlement would have to live next door to a Germany with more than seventy million inhabitants and with a territory of approximately the same aggregate extent as her differently distributed pre-war area. Such a Greater Germany, under a militant Nazi régime, might well prove little less awkward for Hungary, as a friend and patron, than the Little Entente was awkward for her as an adversary.

Moreover, the hostility of the Magyars towards the Czechoslovaks and the Rumanians and the Jugoslavs was tempered by the contempt of a *ci-devant* ruling race for its *ci-devant* subjects, whereas the feelings of the Magyars towards the Germans, in the Magyars' heart of hearts, were those of ex-subjects towards their former masters. From the union of the rump of Hungary with Austria in 1526 down to the Austro-Hungarian *Ausgleich* of 1867, the Austrian Germans, unaided, had proved themselves the Magyars' superiors. The Magyars had been forced to call in the Hapsburg sovereigns of Austria in order to save the remnant of Hungary from Ottoman conquest; and, even when Hungary had eventually been reunited under Hapsburg rule owing to the Austrians' subsequent military successes against the Turks, the Austrian Germans had long proved stronger than the united strength of the Magyar people. The *Ausgleich* itself—that master-stroke of Magyar statesmanship that had enabled Hungary to assume the airs of a Great Power during a brilliant half-century—was no more than a precarious advantage which the Magyars had snatched for themselves out of the Austrians' discomfiture in the nineteenth-century competition between Austria and Prussia for hegemony in Germany. By compelling an approximately equal number of Austrian Germans to go into political partnership with them in 1867, in order to rule jointly over an equal number of non-Magyars and non-Germans in the Dual Monarchy, the Magyar governing class had made themselves the ultimate arbiters of policy in a Hapsburg Empire of fifty millions which could treat with the Hohenzollern Empire of seventy millions on a footing of approximate equality. In this two-storied structure of a Magyar-German alliance, an Andrassy and a Tisza had known how to browbeat Vienna and refuse to be browbeaten by Berlin. But this Magyar construction of Mittel-Europa was a house of cards which collapsed in the general

*débâcle* of the Central Powers in 1918; and the Magyar statesmen, who knew all the time how uncertain their footing was upon the pinnacle on which they had stood since 1867, must have felt that the complete independence which Hungary obtained—for the first time since 1526—under the Treaty of Trianon was at least one substantial gain to set off against the immense territorial losses inflicted upon her in the dismemberment of the Hapsburg Empire.

Even this post-war extrication of Hungary from the perilous German connexion had to be bought at a price; for the plebiscite, which the Peace Treaties had provided for, in the strip of Hungarian territory along the Austrian frontier—the so-called Burgenland—had resulted in the transfer to Austria of the whole of this German-inhabited district except for the town of Sopron.<sup>1</sup> Thus, at the moment when the four-centuries-old political association of Hungary with Austria was being dissolved, Austria, in the very hour of her defeat and prostration, had succeeded in partially recouping herself for her losses elsewhere by joining with the successor states in the spoliation (as the Magyars regarded it) of the historic Crown of St. Stephen. The Magyars might reasonably feel some anxiety as to what their fate might be if this post-war Austria which had acquired the Burgenland were now to become the south-eastern advance-guard of a Greater Germany through being absorbed into a Hitlerian Reich.

In this situation the Magyars clung to their post-war entente with Fascist Italy,<sup>2</sup> who in every respect was a more convenient partner for post-war Hungary than a Greater Germany would be. Unlike Austria, or *a fortiori* Germany, Italy shared Hungary's hostility towards Yugoslavia; and through her acquisition of Fiume, which was Hungary's pre-war port, she had it in her power to re-open for Hungary her lost outlet on the Adriatic—if once the common enemy Yugoslavia were put out of the way. On the eve of Herr Hitler's advent to power in Germany, a fresh strain had been placed upon Italo-Yugoslav relations by a childish act of chauvinistic vandalism on the Yugoslav side—the mutilation of the Venetian lions at Trau in Dalmatia—and the worse Italy's relations were with Yugoslavia, the more surely Hungary could count upon Italian friendship. It was true that even this Italo-Hungarian entente was not on a footing of equality. Italy was the patron and Hungary the satellite. Yet Hungary was at least not so much at Signor Mussolini's beck and call, so long as Yugoslavia lay between them, as she would be at Herr

<sup>1</sup> See the *Survey for 1920-3*, pp. 304-7.

<sup>2</sup> See the *Survey for 1927*, pp. 155-61, 541.

Hitler's if once the Austrian barrier were to fall. Accordingly, Hungary's policy in 1933 was to cultivate her entente with Italy and to show reserve towards any overtures from Germany, as far as that could be done without giving positive offence. In response to an invitation from Herr Hitler, the Hungarian Prime Minister, General Gömbös, did pay a visit to Berlin on the 18th June; but, in an interview given on his return journey through Vienna, next day, to the Austrian press, the Magyar statesman was careful to declare that 'the purpose of' his 'trip to Berlin was chiefly economic. Harvest time' was 'near; and Hungary' required 'markets for her surplus agricultural products'. Thereafter, the Hungarian Government entered into those negotiations with the Italian and Austrian Governments, under Signor Mussolini's auspices, which resulted, on the 17th March, 1934, in the conclusion of a three-Power agreement. This agreement, which will be described in a later volume, was undisguisedly intended to erect a barrier in the way of a south-eastward expansion of 'the Third Reich' without giving Herr Hitler any excuse for officially taking offence.

For the states members of the Little Entente, individually and collectively, the situation created by the advent of Herr Hitler to power in Germany was perhaps less complicated, though certainly not less dangerous, than it was for Hungary.

Individually, Czechoslovakia was more gravely threatened than either of her allies; for while Rumania and Yugoslavia had no quarrel with either Austria or the Reich and little to fear directly for themselves if the two German states were to join forces, the *Anschluss* would at once place Czechoslovakia in an even more awkward predicament than it would create for Hungary. Czechoslovakia would not only, like Hungary, find herself an immediate neighbour of a Greater Germany, but she would be surrounded by this neighbour on three sides. The Austrian and the Silesian arm of the German colossus would grip between them, in a vice, the Bohemian heart of the Czechoslovak state, and would threaten to saw the hyphenated republic in sunder at its slender waist, in a zone where its new-found unity was weakened, in any case, by the physical barrier of the Carpathians and the political *mésintelligence* between Czechs and Slovaks. This Moravian corridor between Slovakia and Bohemia was thickly strewn with enclaves of German population—the largest of them at Brünn—which led like stepping-stones across the narrow Slavonic gulf between a German Lower Austria and a German Upper Silesia. And these were only a fraction of the German community within the Czechoslovak frontiers. All told, the German minority in

Czechoslovakia numbered 3,088,530—a figure which amounted to about 20 per cent. of the total population; and most of these Germans lived along the frontiers, in immediate contiguity to Silesia, Saxony and Bavaria. Before the War, these Deutschböhmen had been hammered, by their stubbornly fought and never ceasing defensive political battle against the aggressive nationalism of the more numerous Czechs, into the most militant Austrian-German nationalists in the Hapsburg dominions.

It will be seen that an *Anschluss* of post-war Austria to 'the Third Reich' would threaten to make life impossible for Czechoslovakia and might even jeopardize her very existence as an independent state. Even as it was, the victory of National Socialism in the Reich thrilled the Deutschböhmen, as it had thrilled the Styrians and the Saarlanders; and on the 4th October, 1933, the Czechoslovak Government decided to dissolve the German National-Socialist Party, and likewise the German Nationalist Party, in Czechoslovak territory, and to prohibit all their activities and all their subsidiary organizations. At the same time Czech statesmanship profited, at this critical juncture, by the wisdom and moderation which it had consistently shown during the post-war years. The Czechs who had wrestled with their German-Bohemian neighbours so relentlessly under the Hapsburg régime had reversed their policy the moment they themselves became the ruling element in the country; and the new relations which they had cultivated with the Deutschböhmen since the foundation of the Czechoslovak Republic were almost up to the Swiss or Canadian standard of inter-communal fraternity: a light shining in the darkness of East-European national oppressions and vendettas. Moreover, the Deutschböhmen, unlike the Styrians, were pronouncedly Austrian in their German national sentiments. Their faces were turned towards Vienna, and not towards Munich or Dresden or Berlin. In spite of their geographical contiguity with the Reichsdeutsch they were sundered from them by historic differences of political allegiance and tradition, as well as by the physical barrier of high mountains. Finally, Czechoslovakia had contrived, since the Peace Settlement, to live on terms of good neighbourliness not only with Austria but also with the Reich. For example, the free navigation down the Elbe, and the free zone in the port of Hamburg, which had been secured to Czechoslovakia, at Germany's expense, in the Versailles Treaty,<sup>1</sup> had given rise to so little friction between the two parties that they were never in the public eye—in contrast to the

<sup>1</sup> See the Versailles Treaty, Part XII, especially Articles 331, 340 and 363-4.

notoriety of Danzig, which was unhappily so accurate a gauge of German-Polish animosities.

In these circumstances, Czechoslovakia's relative danger *vis-à-vis* Nazidom, as compared with the position of her two partners in the Little Entente, was not, after all, so inordinately great as might have been supposed. And if, even so, the Rumanians and Jugoslavs had hesitated to involve themselves in Czechoslovakia's special German complications, they would no doubt have been reminded courteously by Dr. Beneš that they too had each a special complication of their own with a formidable Power: Rumania with Russia over Bessarabia, and Jugoslavia with Italy over the Adriatic.<sup>1</sup> In any case, the actual effect of the Nazi Revolution in Germany upon the Little Entente was not to prise it asunder, by stampeding the two more distant members into leaving Czechoslovakia in the lurch, but on the contrary to clinch and confirm the alliance by convincing the statesmen of all the three countries concerned that, with this great new factor of uncertainty imported into the international politics of Europe, it would be more than ever unwise, on their part, to leave open any rift in their own solidarity.<sup>2</sup>

### 7. *The Reaction in Italy*

In Italian policy, the advent of Herr Hitler to power in 1933 produced a change of orientation which was comparable, *mutatis mutandis*, to the change that had followed the outbreak of the General War in 1914. Just as, in 1914-15, Italy withdrew from her existing alliance with Germany and Austria-Hungary in order to intervene in the War on the opposite side to her own previous allies and on the same side as France, so, in 1933, Italy decidedly cooled off from the sympathy with post-war Germany which was the reverse side of her soreness against post-war France, and ranged herself with France against Germany on the issue of the Austrian *Anschluss*, which was a question of capital importance to all three countries.

The moment Herr Hitler established himself in the seat of power, it became clear that German National Socialism in the wilderness was more agreeable to Signor Mussolini than German National Socialism in the saddle. So long as the Nazis were battling their way in Germany

<sup>1</sup> See p. 195 above.

<sup>2</sup> At the moment when Herr Hitler came to power in Berlin, the statesmen of the Little Entente were already engaged in cementing that closer union between their three countries which was embodied in the 'pact of organization' of the 16th February, 1933. For this pact, and its relation to the Four-Power Pact which was initialed on the 7th June, 1933, see below, section (ii) of this part.

along the steep and toilsome road towards ultimate victory, the expressions of Italian Fascist sympathy with German Fascist comrades were frequent and cordial—partly because it warmed Signor Mussolini's heart to see his doctrine being propagated as a gospel of social salvation in another great European country besides his own, and still more, perhaps, because, in the threat of a National-Socialist Germany, Italian diplomacy found an effective stick for belabouring France. During the seven years that intervened between the first meeting of the Preparatory Commission for the Disarmament Conference on the 18th May, 1926, and the investiture of Herr Hitler with the Chancellorship of the Reich on the 30th January, 1933, Italian statesmanship seems to have played with the idea of counter-ing, and eventually counteracting, the preponderance of France and her satellites in post-war Europe by the formation of an Italo-German *bloc*.<sup>1</sup> But in these Italian dreams we may conjecture that there was one unvarying feature which was *de rigueur*. In the future anti-French duet, as conceived in Italian imaginations, it was always Italy that was to play first fiddle. This, for Italian minds, was the axiomatic condition of the partnership, and this Italian presupposition would not conclusively convict Italian statesmanship of megalomania; for though it was true that, intrinsically and potentially, Germany outclassed Italy in calibre, nevertheless Italy might hope, not irrationally, to snatch a permanent advantage out of the passing situation of the post-war years. Owing to the outcome of the War, Germany—defeated, prostrated and outlawed—had temporarily lost caste, whereas Italy, though she might elect to range herself with the vanquished, was officially one of the victors. Was it too much to hope that Italy's reward for having condescended (in her own interest) to change sides once again might be the permanent leadership of the post-war opposition camp? True, she could never have dreamed of expecting pre-war Germany to follow her lead; and after the War she, too, had lost her *moral*—in spite of her official victoriousness—as signally as Germany had lost hers. But she had been the first of the prostrate Powers to recover herself; and from the end of 1922 to the beginning of 1933 Fascist Italy was manifestly more *aktionsfähig* (to borrow a Nazi term) than the Weimar Republic.

The Germany of Stresemann and Brüning seemed not unwilling to play second fiddle to the Italy of Mussolini; and, if so, then, *a fortiori*, could not Italy count upon a more actively zealous obsequiousness on the part of a successful Hitler? Down to January 1933, National Socialism might well appear, in Italian eyes, to be a slavish

<sup>1</sup> See the *Survey for 1930*, pp. 125-30.

though inferior imitation of Fascism; the Nazis were almost pathetically eager for Italian support; and they were almost indecently demonstrative in their renunciation of the South Tyrol. With Hitler in office, it no doubt seemed to Signor Mussolini that his long-cherished Italo-German combine under Italian leadership would come now at last within the range of practical politics. The supreme miscalculation in this Italian train of reasoning (if we have reconstructed it aright) was the tacit assumption that Hitler in the saddle would be the same man as Hitler in the wilderness. The moment Herr Hitler took office, this misconception was blown to the winds by the 'raging tearing' National-Socialist Revolution which transformed the Weimar Republic into a 'totalitarian' Third Reich with all, and more than all, the temper and pretensions of pre-war Germany. Signor Mussolini must have realized his mistake at once, but already it was too late.

In the course of the year 1933, as the Nazi Revolution in Germany ran its course, a number of unpalatable facts were borne in upon Italian minds successively. In the first place, it now became clear that, if Fascist Italy were to yoke herself to Nazi Germany *à deux*, it would not be Italy that would set the pace of the adventure or determine its direction. She would be swept off her feet by her turbulent yoke-fellow as helplessly as a strutting ram that had yoked itself to a charging bull; and Italy had no more desire to confer the hegemony of Europe upon Germany than she had to concede it to France, since the fundamental policy of Italy, like that of the United Kingdom, was to prevent any single Power from establishing a predominance on the Continent. In the second place it became clear that an Italo-German partnership would have to be *à deux* if it was to be entered into at all, since Germany, under the Nazi régime, was rapidly ridding herself of all her previous friends. Russia, above all, was sheering off from Germany as fast as she could, and even Italy's own satellite Hungary might hesitate to follow Italy in keeping such hazardous company as 'the Third Reich'. In the fourth place it became clear that, by casting in her lot with Nazi Germany, Italy would forfeit the goodwill of the English-speaking countries, to whom Nazi Germany was anathema; and it was one of the cardinal points of Italian policy to keep on good terms with the British Empire and the United States—two valuable friends with whom Italy had no cause to quarrel. In the fifth place, the Nazi persecution of the Jews aroused the same feelings of disapprobation in Italy as in the other Western countries. Finally it became clear that one of Herr Hitler's first objectives—an aspiration which was bound up with his own personal *amour propre*—was the incorporation of his Austrian home-



land into 'the Third Reich' which he had succeeded, by a *tour de force*, in setting up *in partibus Borussorum*. And this was a post-war German ambition which post-war Italy had always refused, and must always refuse, to countenance.

The *Anschluss* of Austria to Germany, under any German régime, would place Italy at Germany's mercy and threaten to deprive her of her principal gains in the War. For the *Anschluss*, once set in motion, would assuredly not come to a halt at the post-war frontier between Austria and Italy. Next door, just across the Brenner Pass, lay the South Tyrol with its quarter of a million Austrian German inhabitants whom the Peace Settlement had placed under Italian rule in defiance of the principles of nationality and self-determination. Under the territorial dispensation of the Peace Settlement of 1919-20, Italy's hold upon the South Tyrol was virtually secure—depending, though it did, upon naked force<sup>1</sup>—since the quarter of a million Southern Tyrolese were powerless by themselves, while an independent Austrian Republic of six million inhabitants was equally powerless to help them and a German Reich of sixty-five million inhabitants could not take up the South-Tyrol question effectively so long as it was barred off, by a strip of Austrian territory, from direct contact with the Tyrolese field of action. On the other hand, an *Anschluss* of post-war Austria to post-war Germany would immediately confront Italy, at the Brenner, with a new neighbour—the *Siebzigmillionenstaat* that had been the dream of German patriots in 1848—and, for this colossus, the South Tyrol would be an immediate *terra irredenta*. However fervently the Nazis might have renounced the South Tyrol before, it was certain that they would claim it forthwith if once the North Tyrol were theirs; and, if Carinthia and Styria were theirs, might they not even extend their claim to Trieste into the bargain? The Nazi triumph in Germany made the question of the *Anschluss* almost a matter of life-and-death for Italy. Henceforward, it would be hardly possible for Italy to refuse to take any step which the paramount necessity of preventing the *Anschluss* might require of her. And—irony of ironies—the first step required was an Italian *rapprochement* towards France. In this situation, Italy might find it difficult to retain that profitable position of holding the balance on the Continent which had fallen to her in 1914 and then again after the inauguration of the Fascist régime. Signor Mussolini's anxiety to retain his initiative was doubtless one of his motives in advocating the conclusion of the Four-Power Pact.<sup>2</sup>

<sup>1</sup> For the Italian régime in the South Tyrol since the Armistice, see the *Survey for 1927*, Part II C, section (iii).      <sup>2</sup> This is dealt with below in section (ii).

Meanwhile, Italian diplomacy endeavoured to hold Germany in check so discreetly that it should not appear, in German eyes, that the special benevolence shown by Italy to the Weimar Republic was being meted out to 'the Third Reich' in any shorter measure. And the new rulers of Germany, on their side, affected not to see through this Italian manoeuvre, in their anxiety to convince the rest of the World that Fascist Italy was a warmer friend of Nazi Germany than it actually suited Italy to be. This Italo-German diplomatic competition in keeping up or creating appearances was conducted through an exchange of hollow official compliments and frigid official visits. In the course of the year 1933, Herr von Papen found his way to Rome once, Captain Göring three times, and Dr. Göbbels once;<sup>1</sup> and in July a touring party of Avanguardisti were entertained by the Hitler Youth at Munich. In September, two fraternal delegates from the Fascist Grand Council were present at the National-Socialist Congress and took part in the celebrations at Nuremberg. And Captain Göring, on his second visit to Rome in November, was the bearer of a personal letter from the *Führer* to the *Duce*. Yet, the more sedulously the two countries sought to advertise their friendship, the more evident it became to the rest of the World that, now that both of them had attained the 'totalitarian' state, their genuine cordiality had sensibly diminished.

### 8. Conclusion

The wide range of the reactions abroad to the National-Socialist Revolution of 1933 in Germany is witnessed by the length of the present chapter, in which some of these reactions have been very far from exhaustively surveyed; and after this long exposition of detail it may be well to conclude our survey by returning to the point from which we started out. The relation of the Nazi régime of 1933 in Germany to the rest of the World can be seen as a unity—and also, perhaps, seen in the clearest light—if it is regarded as one phase of the secular relation between the spirit of Western Christendom and the spirit of a European barbarism which Christianity had sometimes cowed and sometimes charmed, and had thereby partly tamed, but had never wholly exorcized. At the first critical encounter between this faith and these barbarians, the summons of the civilizing power had been 'Mitis demitte colla, Sigamber!' In 1933, the self-conscious epigoni of the blond beast who were seeking to express their neo-

<sup>1</sup> In these visits, of course, the German statesmen had business to transact at the Vatican City, as well as in the capital of the Regno.

barbarism through the instrument of 'the totalitarian state' were faced with this summons in their turn; and, sooner or later, they were bound to give an unambiguous answer.

## (ii) The Little-Entente Pact and the Four-Power Pact

In a previous section,<sup>1</sup> some account has been given of the reactions which the National-Socialist Revolution of 1933 in Germany evoked abroad; and, in this connexion, we have touched upon the foreign policy which was pursued, in 1933, by a number of Germany's neighbours, including Italy, Poland and the three parties to the Little Entente. In the development of the policies of these and other European countries, in the course of this year, the reaction to the contemporary course of events in Germany was manifestly a factor of capital importance. At the same time, it was not the only important factor which was at work. The revolution in Germany made its impact upon an international field in which many other forces were already in action; and a large part of its international effect consisted in its interplay with these current forces, which it stimulated or toned down or deflected, as the case might be. Moreover, these other movements were already in full swing at the moment of Herr Hitler's advent to power at the end of January 1933; and since this internal change in Germany took a certain time to work itself out within the borders of the Reich, and *a fortiori* to exert its influence beyond them, it is not surprising to find that little direct relation can be traced between the revolution in Germany and some of the most important of the international transactions of Europe in 1933—including transactions between countries which, like the five countries above named, were bound to be affected by the German revolution profoundly in the long run. Two outstanding transactions which fall into this category are the three-power 'pact of organization' of the Little Entente which was signed at Geneva on the 16th February, 1933, by the Foreign Ministers of Czechoslovakia, Yugoslavia, and Rumania, and the Four-Power Pact which was initialed at Rome, on the 7th June, by the representatives of France, Germany, Italy and the United Kingdom. Since these two transactions have some bearing upon each other, it will be convenient to deal with them together in the present chapter.

The movement towards closer union in the Little Entente was a response to the ominous change for the worse, in the general complexion of international affairs, which had already declared itself,

<sup>1</sup> Section (i) of this part of the present volume.

before Herr Hitler's triumph in Germany, in the successful Japanese defiance of the League of Nations in the Far East and in the ill-success of the proceedings of the World Disarmament Conference at Geneva. In these circumstances, on the 16th February, 1933, a new 'pact of organization' for the Little Entente was signed by the three Foreign Ministers—Messieurs Beneš, Jevtić and Titulescu—in Geneva, where they were representing their respective countries at the Disarmament Conference. A comprehensive summary of this diplomatic instrument need not be given here, as the text has been published in full in the accompanying volume of documents.<sup>1</sup> It is sufficient to say that the aims of the contracting parties were described in the preamble as being 'the complete unification of their general policy' and 'the establishment of an organ by which this common policy should be directed'. The new organ took the shape of a Permanent Council of Foreign Ministers; and although this Council's decisions were still to be governed by the unanimity rule and were not to be taken by a majority vote, the contracting parties did, in certain other ways, make important renunciations of their individual sovereignty for the benefit of the triple common weal. They each bound themselves thenceforth to conclude no fresh treaties and take no fresh unilateral action of international import without the Permanent Council's unanimous approval; and they further bound themselves to co-ordinate and unify their existing treaties with third parties as far as possible. The three bilateral treaties of alliance which were the original foundation of the Little Entente, as well as the tripartite Treaty of Conciliation, Arbitration and Judicial Settlement which the members had signed on the 21st May, 1929, were now all renewed, and this time in perpetuity.

In the spirit of this agreement, both Rumania and Yugoslavia made efforts, in the course of the year, to do their part in diminishing the total liabilities of the Little Entente by seeking the appeasement of feuds in which they were protagonists. Monsieur Titulescu, for example, established contact with the Soviet Government in October on the neutral ground of Poland,<sup>2</sup> while in December the King and Queen of Yugoslavia entertained the King and Queen of Bulgaria at Belgrade on an official visit.

The Little-Entente Pact of the 16th February, 1933, was declared, by its own terms, to be open for the adhesion of other states—subject to conditions to be agreed upon *ad hoc* in each particular case—and

<sup>1</sup> *Documents on International Affairs, 1933.*

<sup>2</sup> For the foreign policy of the Soviet Union in 1933, see pp. 174–83 above, and Part IV, § v and vi below.

on the 1st March the Permanent Council handed to the Secretary-General of the League of Nations a letter formally denying the allegation that the published document was supplemented by secret military appendices. Thereafter, in an interview given to one English newspaper on the 25th June, 1933,<sup>1</sup> and in an article published in another English newspaper on the 3rd September,<sup>2</sup> Dr. Beneš declared that an Austro-Hungarian reunion would be as undesirable as an *Anschluss* of Austria to Germany; reiterated (a point which he had often made before) that it was in the general interest that the small countries of Central and Eastern Europe should not become the pawns of rival Great Powers but should be as independent in their foreign relations as the West-European ex-neutrals; and threw out the suggestion that, on the economic side, the new Little-Entente Pact might profitably be extended in range in the near future by the inclusion of other Danubian countries—Hungary first and foremost. Since the morrow of the Peace Settlement, Dr. Beneš had consistently declared his view that his own work would not be complete until Hungary had been reconciled to the Little Entente. But in 1933 there was no more prospect than there had been at the moment of signature of the Treaty of Trianon that Hungary would consent to ‘moral disarmament’ without insisting upon a revision of the territorial peace-terms which would be as unacceptable to Dr. Beneš as to his Rumanian and Yugoslav colleagues. So long as the territorial terms of the Treaty stood unrevised, Hungary would assuredly prefer to be the satellite of Italy rather than join the Little Entente—even on an equal footing with the three original members.<sup>3</sup>

<sup>1</sup> See *The Manchester Guardian*, 26th June, 1933.

<sup>2</sup> *The Observer*, 3rd September, 1933.

<sup>3</sup> Italy, on her part, had no desire to see her own influence in the Danube Basin diminished or eliminated by the establishment of an all-inclusive Danubian economic bloc; and France, though she favoured Dr. Beneš's idea in principle, was inclined to regard it as a counsel of perfection which was hardly practical politics. In the autumn, there was a Franco-Italian exchange of views in a French *aide mémoire* of the 12th September and an Italian memorandum of the 30th September on ways and means of implementing the recommendations of the Conference of Stresa (see the *Survey for 1932*, pp. 23-7 and 87-95); and though the proposal for an all-inclusive Danubian bloc was rejected, in the Italian document, in favour of a network of bilateral agreements, a Franco-Italian agreement on the subject was officially announced on the 8th October. This agreement seems to have been little more than a mutual gesture of courtesy between two Powers which, in their relations *inter se*, were being drawn closer together at the time by their respective concern over the course of the National-Socialist Revolution in Germany—especially in relation to Austria. It is possible, however, that the rather negative attitude of France at this stage facilitated the Italo-Austro-Hungarian negotiations that eventually resulted in the tripartite agreement of the 17th March, 1934. Without

The announcement of the new step towards closer union between the three original states members of the Little Entente was, in fact, as ill received in Italy as in Hungary, though this for a different reason. In Hungary, the Little-Entente Pact of the 16th February, 1933, was resented as a fresh obstacle deliberately placed in the path of Hungarian irredentism; in Italy, it was resented as an offensively ingenious attempt, on the part of three small countries, to present a united front to the World for the purpose of claiming, conjointly, the rank of a Great Power. While Hungarian statesmanship was thinking principally in terms of territory, Signor Mussolini was thinking principally in terms of status. In international affairs, however, *amour propre* is notoriously as potent a motive in determining policy as material interest; and, on the question of her international status, Italy was as sensitive as Poland.

In another part of this volume,<sup>1</sup> we have had occasion to notice that the foreign policy of Poland was partly governed by her anxiety to retain the brevet rank of Great Power which had been conferred upon her, after her political resurrection in the Peace Settlement, by a fortunate combination of passing circumstances; and in this connexion we have observed how Poland measured her own status by that of Germany and Russia, and how she postured and manœuvred on the international stage with a view to keeping out of any tableau in which she would appear in a position of manifest inferiority to either of her traditionally and essentially grander, but temporarily and accidentally humbler, neighbours. A similar sensitiveness was one of the governing factors in the foreign policy of Italy, who likewise found herself uncomfortably near to the shadowy and shifting line which divided the Great Powers from the small fry in the international society of the day. If Poland was still just on the wrong side of this distressing mark, Italy was still only just on the right side of it; and the exertions of the 'near great' Power to struggle across the dividing line were matched by those of the 'just great' Power to save herself from slipping back again over it.

Since an early stage of the nineteenth-century Italian *Risorgimento*, one of the ulterior objects of the makers of a United Italy had been

anticipating the account of these negotiations which will be given in a later volume, it may be observed, at this point, that this Italo-Austro-Hungarian *rapprochement*, following upon the consolidation of the Little Entente, divided the Danubian countries into two sharply defined groups which were at cross-purposes on the issue of the territorial revision of the Peace Treaties, but were at the same time pursuing, separately, the identical aim of erecting a barrier against a south-eastward expansion of 'the Third Reich'.

<sup>1</sup> See pp. 184-6 above.

to raise the peninsula to the status of a Great Power through political union. This status, which was only won and only held at the cost of a heavy strain upon Italian national resources, had a proportionately high value in Italian estimation. And if the Italians prized their country's rank as a Great Power, then it was natural for them to magnify the breadth of the gulf fixed between Great Powers and states of lesser calibre. This sensitiveness about Italy's status as a Great Power, and about the status of the Great Powers as a class, was inherited, from his predecessors at the head of the Italian Government, by Signor Mussolini; and he was the more inclined to dwell upon the point because it was in accordance not only with Italian national tradition but also with Fascist social doctrine. Fascism stood for a social hierarchy which was frankly based in part upon force; and if the principle that 'might is right' was valid for individuals and for parties, it must also hold good for states. The seventeenth-century doctrine of the Equality of Sovereign States was as alien from the Fascist political philosophy as the eighteenth-century doctrine of the Rights of Man; and it was therefore natural that the *Duce* should deprecate, on principle, the position which—on the strength of a combination of these two doctrines—had been assigned, in the constitution of the League of Nations, to the fifty-four States Members which did not rank as Great Powers.

It was true that even the constitution of the League gave the Great Powers a special position by reserving to them the privilege of permanent representation on the Council.<sup>1</sup> Nevertheless, one of the important effects of the existence of the League, as originally constituted, was that it gave the lesser Powers a forum which they had not previously possessed for making their opinions and sentiments felt. This aspect of the League's activity was unwelcome to Signor Mussolini in the abstract and *a priori*; but his dislike of it was no doubt intensified by the practical fact that whenever the policy of any considerable group of smaller countries in the Assembly did happen to coincide with the policy of some particular Great Power, the beneficiary was France not infrequently but Italy seldom or never. Thus, if the machinery of the League could in some way be 'short-circuited' by placing an executive authority over international affairs in the hands of a Great-Power group, the probable effect would be not only to increase the relative authority of the Great Powers as a class but also, in the act, to increase the relative influence of Italy as against France in international counsels. On this showing, it may be conjectured that the concept of a European directory of

<sup>1</sup> See the *Survey for 1926*, Part I A, section (i).

the four European Great Powers had been taking shape in Signor Mussolini's mind for some time past; and he had ventilated the idea in a speech delivered in Turin on the 23rd October, 1932.

I think that if to-morrow, on the basis of Justice, of recognition of our sacrosanct rights . . . , it were possible to recognize the premises necessary and sufficient for the collaboration of the four great Western Powers, Europe would be tranquil from the political standpoint, and perhaps the end would be in sight of the economic crisis by which we are gripped. . . .

This suggestion was thrown out by Signor Mussolini nearly four months before the signature of the Little-Entente Pact of the 16th February, 1933; but this event, though it was perhaps not of capital importance or startling novelty in itself, may conceivably have moved Signor Mussolini to make a counterblast, and thereby have given him the final stimulus to develop a long-germinating idea into a definite project and to launch this project at the earliest possible date.

This seems the more likely when we consider that, apart from any question of *amour propre*, the disquieting features in the general international outlook, which had moved Dr. Beneš and his colleagues to strengthen the bonds between their respective countries, must have been equally evident to Signor Mussolini, and equally apt to move him to take action. The prospective recovery of Germany, for example, promised to upset the artificial and temporary balance of forces in Europe which the post-war prostration of Germany had alone rendered possible; and this threatened to deprive Italy of the exceptional influence and power which she had wielded in international affairs ever since the outbreak of war in 1914. If a fresh trial of strength were now to set in between Germany and France, Italy might sink once more to a position of secondary importance, in which she would have no choice except to join the camp of one or other of the two protagonists. On the narrower grounds of national self-interest, it must be one of the major aims of Italian policy to prevent this situation from recurring; and wider considerations of an Italian interest which was identical with the international common weal must have moved Signor Mussolini's mind in the same direction. By the beginning of the year 1933, no clear-sighted statesman could be blind to the possibility that, if the affairs of the World were allowed to drift on, unchecked, along their present unpropitious course, this might end in a breakdown of the Disarmament Conference and even in a breakup of the League; and, if either or both of these catastrophes occurred, the calamity of a new Franco-German trial of strength would then be imminent unless, in the meantime, at least



the foundations had been laid for some alternative system of international relations. If such an alternative was really to save Europe from a fresh schism into a French and a German camp, then it must be distinguished from the Geneva system by holding out to Germany the prospect of a more prompt and more substantial realization of her principal claims; and, if the new system was at the same time to serve the interests of Italy, it must provide the satisfaction for Germany in directions which Italy would not find dangerous or embarrassing.

These were perhaps some of the considerations in Signor Mussolini's mind when, in March 1933, he actually put forward his proposal for a European Four-Power Pact.

The essence of the plan, as the head of the Italian Government originally conceived it, seems to have been that the four Powers, acting *à quatre*, could and should do certain things—agreeable to Germany and not disagreeable to Italy—which France, at any rate, could not be expected to do gladly, and which she probably never would do, or allow to be done, at all, if, instead of being placed in a minority of one on an executive committee of four, she continued to play her previous rôle under the existing international régime, in which French policy could count upon holding its own on the Council and Assembly of the League by enlisting the support of a phalanx of smaller Powers. Two specific points on his own agenda which Signor Mussolini probably hoped to be able to carry—if once he were to secure the transference of the business from the League to a four-Power group—were the revision of the territorial chapters of the four European Peace Treaties in favour of the ex-vanquished countries (with whom Italy had ranged herself),<sup>1</sup> and the re-armament of Germany up to the post-war level of the ex-victors, by a four-Power agreement, in the event of a breakdown of the World Disarmament Conference. These two objectives were respectively set forth in the second and the third articles of Signor Mussolini's original draft for a Four-Power Pact.<sup>2</sup> And while he was careful to declare, in his draft of Article 2, that 'the principle of revision' could not 'be applied except within the framework of the League and in a spirit of mutual understanding and solidarity of reciprocal interests', this caveat was perhaps to be interpreted by the declaration, in the Mussolinian Article 1, that the

<sup>1</sup> See the *Survey for 1930*, pp. 125-30.

<sup>2</sup> See the synoptic presentation of the four successive draft texts of the Four-Power Pact—the Mussolini draft of March 1933, the British draft of the 1st April, the Daladier draft of May, and the final text of June—as printed in *The Bulletin of International News*, 22nd June, 1933, pp. 7-9 [802-3], and in *Documents on International Affairs, 1933*, pp. 240-9.

four Powers 'undertake to act in the sphere of European relations in such a manner that' their 'peace policy' would 'be adopted in case of necessity by other Powers as well'. It may be conjectured that, in Signor Mussolini's intention, the four Powers were to act in the same cogent manner when they were advocating treaty revision and German re-armament as when they were championing 'the Kellogg and anti-war pacts'.

It was evident that a re-armament of Germany would be much less awkward for Italy—and, indeed, for the World at large—if it were carried out by agreement, in a four-Power conclave, through Italy's good offices, than if it came to pass in a sheer unregulated competition between Germany and France. It was also possible that a four-Power conclave would prove to be a more favourable forum than the Assembly or even the Council of the League for setting a territorial revision of the Peace Treaties in motion in the direction which the Italian Government would like to see it take.

It remains to describe the course of the negotiations and their effects. In regard to their opening, the most authoritative testimony will be found in the statements made in the House of Commons at Westminster by Mr. Ramsay MacDonald on the 23rd March, 1933, and by Sir John Simon on the 13th April. For Signor Mussolini's first move was to bid for the sympathy and goodwill of the British Government on behalf of his project. The occasion presented itself during the two British Ministers' visit to Geneva in March,<sup>1</sup> when Mr. MacDonald seems to have let it be known that he would welcome an invitation from Signor Mussolini to travel on to Rome before returning to London. In making this overture, Mr. MacDonald may have looked forward to expediting a solution of the disarmament problem by discussing it *à deux* with the *Duce*. If this idea were in the British Prime Minister's mind, it did not come to fruition; and we may conjecture that it was not agreeable to the *Duce*—concerned though he was over the disarmament problem—to deal with it in exactly this way. On the other hand, he evidently appreciated the friendliness of Mr. MacDonald's gesture, and he promptly took the opportunity of broaching his own project.

Several considerations indicated the United Kingdom as the Power which it would be wise for Signor Mussolini to approach first. Like Italy, the United Kingdom was trying to play a mediatory part between Germany and France; like Italy, she looked forward with misgiving to a breakdown of the Disarmament Conference; and, indeed, the business that had brought the British Prime Minister and

<sup>1</sup> See section (iii) (b) and (c) of this part of the present volume.

Foreign Secretary to Geneva on this occasion was a rescue expedition with the object of saving the Conference *in extremis*.<sup>1</sup> Thus, in their general policy, Italy and the United Kingdom had much in common; and, on the particular issue which Signor Mussolini intended to raise, the British had shown signs of sharing to some extent the Italian impatience with the international franchise which the constitution of the League of Nations had conferred upon the smaller states.<sup>2</sup> These points were all favourable to Signor Mussolini's project. At the same time, there were other points in the foreign policy of the United Kingdom which were of at least an equal importance in the British statesmen's estimation, but which were not so auspicious from the Italian point of view. British co-operation with Italy must not take any form detrimental to British co-operation with France;<sup>3</sup> and the smaller states—however unwarrantable it might be for them to take a strong line on international matters of general concern—had 'a right to be consulted wherever their special interests' were 'concerned'.<sup>4</sup> Both these points of British policy were raised by the Italian approach to Mr. MacDonald and Sir John Simon in March 1933; and the British Ministers did not allow their adherence to them to be weakened by their eagerness to support an Italian move for finding a way out of the threatened European deadlock. Hence, the broaching of the Italian project to Mr. MacDonald and Sir John Simon at once evoked suggestions from them for modifications of the original Italian idea; and when the revision, thus started, had been carried further by the several contributions of Messieurs Herriot and Daladier and Beneš and Titulescu, the Four-Power Pact came to assume a shape in which it was acceptable to everybody because it had been purged of just those elements that had been the essence of it in the original Italian conception. Since these eliminated elements were precisely the features of the project that might have

<sup>1</sup> See pp. 248 *seqq.* below.

<sup>2</sup> This had become apparent on more than one occasion during the years 1932-3 in the discussions in the League Assembly, and in its Watching Committee, over the Sino-Japanese conflict (see the *Survey for 1932*, pp. 570 *seqq.* and the present volume, Part IV, section (iv)). The annoyance then manifested by British statesmen at the stand which the representatives of the smaller countries were taking was possibly noticed by Italian observers. It was the more noticeable because it was in pointed contrast to the considerateness which the same British statesmen almost invariably displayed, in intra-Commonwealth relations, towards those small States Members of the League which were at the same time self-governing Dominions of the British Crown.

<sup>3</sup> See Sir John Simon's observations on this point in the House of Commons at Westminster on the 13th April, 1933.

<sup>4</sup> Mr. MacDonald in the House of Commons at Westminster on the 23rd March, 1933.

made the pact an effective instrument of action, its possible importance, for good or evil, was considerably diminished between the moment of Signor Mussolini's first overture on the 18th March and the eventual initialing of an agreed text on the 7th June.

The first step taken by Sir John Simon, when the Italian invitation to the two British Ministers was delivered on the 15th March, was to discuss it with the French Foreign Minister, Monsieur Paul-Boncour, in Geneva and to communicate on the subject with the French Prime Minister, Monsieur Daladier, in Paris. Thereupon Monsieur Daladier paid a special visit to Geneva to see the British Ministers before they left for Rome, gave his blessing to their acceptance of the invitation, and publicly expressed his good wishes in a speech delivered at Geneva on the 16th March, the day before his British colleagues set out on their journey. On the 18th March, in the motor-car in which the two Ministers travelled the last stage of their way to Rome from the air-port of Ostia, they were shown 'what was described as a very rough draft which Signor Mussolini had prepared of some ideas which he entertained. He had at the same time given a copy of the draft to the French Ambassador in Rome, Monsieur de Jouvenel, and to the Italian Ambassador from Berlin.'<sup>1</sup> The first impression made by the Italian plan upon these British eyes was that it 'merely' had, 'as its general purpose, peace, and, as its big, and almost only, detail, revision of treaties'.<sup>2</sup> And the first comment of the British statesmen to their Italian colleagues was 'that there' were 'certain difficulties . . . in the form of the draft . . . which' they were 'quite confident' that the Italian statesmen would 'have to consider'.<sup>3</sup>

In particular [Sir John Simon afterwards reported to the House of Commons at Westminster] we mentioned two. In the first place, it was clear to us that, if it were expected that our friends in France were going to agree, the document must be in a form which might reasonably secure their concurrence, and, at any rate, not rouse their suspicion. As one article of this document was originally drawn, though it referred to the possibility of a revision of treaties, it made no reference whatever to the corresponding obligations of the Covenant, namely, recognition of the sanctity of treaties. In the course of the afternoon I drafted—very roughly, no doubt—a new form of article, embodying what appeared to us to be a very necessary form of change, in the course of which we put in the proposition, which is in the preamble of the Covenant, namely, that there must be a scrupulous respect for treaties, side by side with the other proposition, which is equally in the Covenant, that the Covenant envisages the possibility, under certain conditions, of treaty revision.<sup>4</sup>

<sup>1</sup> Sir John Simon, *loc. cit.*

<sup>3</sup> Sir John Simon, *loc. cit.*

<sup>2</sup> Mr. MacDonald, *loc. cit.*

<sup>4</sup> Sir John Simon, *loc. cit.*

This counter-draft of Sir John Simon's foreshadowed the lines along which all the subsequent negotiations were to run; so that in a general way the destiny of the Italian project was determined by the time when, on the 20th March, the two British Ministers left Rome again to visit their French colleagues in Paris on their way to London. After this Anglo-French meeting in Paris, a French official *communiqué* was issued there on the 21st, 'stating that the French Ministers had thanked their colleagues for the information they had furnished and had affirmed their desire to see established in the interest of peace, within the framework and in the spirit of the League of Nations, a loyal co-operation between the four European Powers who are permanent members of the Council of the League'. Thereafter the French Government occupied themselves still more actively than the British Government in pressing for a modification of the Italian draft in this sense.

Meanwhile, rumours had become rife, and hopes or fears had been aroused, in almost every part of Europe.

In Great Britain, for instance, it was asked whether some part of Italy's and Germany's share of the feast was to be the acquisition of colonies or mandates at the British Empire's expense. It was true that an overseas application, in Italy's or Germany's favour, of the principle of territorial revision was faintly hinted at in Article 4 of the Italian draft, which provided that

In all political and non-political European and extra-European questions, as well as in the colonial sphere, the four Powers undertake to adopt as far as possible a common line of action.

In the House of Commons at Westminster on the 23rd March, 1933, the Secretary of State for the Colonies denied, in answer to a parliamentary question, that His Majesty's Government had ever contemplated any surrender of the mandate for Tanganyika; and, in the same place on the same day, Mr. MacDonald added that Tanganyika had never been mentioned in the conversations at Rome.

While Mr. MacDonald was rendering his account in London, Messieurs Daladier and Paul-Boncour were being interrogated in Paris on the same subject on the same day, the 23rd March, by the Foreign Affairs Committee of the Chamber. In a newspaper article<sup>1</sup> published in France on the 1st April, the Italian project was stigmatized by Monsieur Herriot as a scheme for a four-Power directory which was to attempt to re-draw the political map of Europe with the inevitable result of precipitating a war. On the other hand, the project found an authoritative and influential sponsor in France in the person of

<sup>1</sup> In *Le Démocrate* of Lyons.

the French Ambassador in Rome, Monsieur de Jouvenel. And on the 3rd April the French press published a statement, given by him in Rome to the *Agence Havas*, in which he deprecated the sinister interpretations which had been made of Signor Mussolini's intentions in non-Italian quarters. In the meantime, the French Government were engaged in drafting a memorandum on the project, and on the 6th April some indication of the trend of French policy was given by Monsieur Daladier in a speech in the Chamber of Deputies.

There is no question [he said on this occasion] of giving our adherence to a sort of directory of the Great Powers which would impose their wills upon the rest of Europe—a Holy Alliance which would decide upon territorial revisions and more or less extensive changes of frontiers and would thereby show itself even more ambitious than the original Holy Alliance, which was really a conservative institution. This enterprise would come into collision with the French—or, rather, Franco-Italian—idea of the equality of nations. . . . If the new pact is to be useful it must constitute a genuine sequel to those great constructive contributions to the edifice of peace to which its own text refers: the Covenant of the League . . . , the Briand-Kellogg agreement, the agreements of Locarno.

In the course of the same speech, Monsieur Daladier referred to Article 19 of the Covenant and suggested that, while it might be important to implement this article, it was no less important to implement Articles 11, 12, 15 and 16.

The points made in Parliament by the French Prime Minister on this occasion seem to have represented the gist of the French Government's memorandum, which, after long delay and much revision, was finally communicated to Rome and London on the 12th April.

French policy was no doubt influenced in large measure by the strong reactions to the Italian project in those East-European countries that were the French Republic's allies.

At Geneva, on the 25th March, the Permanent Council of the Little Entente discussed the situation and issued a statement in which they adroitly applied to the Great Powers the British formula in regard to the states of lesser calibre. The British formula, as has been noticed above, was that the smaller states were taking too much upon themselves in calling the tune for dances in which the Great Powers had to pay the piper, but that on the other hand they had a fair 'right to be consulted whenever their special interests' were 'concerned'. The Little Entente Council now declared on its part its opinion that

any collaboration between states with a view to establishing friendly relations between them, and regulating those questions that concern them exclusively, is desirable and wholesome. All the same, the states

of the Little Entente would find it difficult to agree that the cause of good relations between countries was being served by agreements having it as their object to dispose of the rights of third parties—and this equally whether these agreements bind the signatories to take concrete decisions, or whether the object is simply to exert pressure upon countries other than the contracting parties. Since nobody can dispose of anybody else's property either directly or indirectly, the states of the Little Entente formulate, from now onwards, the most explicit reserves with regard to the eventual conclusion of any agreements of the kind, in respect of anything that touches their own rights and policy. Agreements of this nature belong to the past, and certainly to times anterior to the foundation of the League of Nations. The states of the Little Entente also regret that, in the negotiations of the last few days, the idea of a revisionist policy should have been emphasized. . . .

This statement was communicated, on the day of issue, to Sir John Simon at Geneva, and Dr. Beneš called upon him there on the same day. On the 26th March, in the same place, Sir John Simon received visits from Monsieur Titulescu, from Monsieur Fotić the representative of the Foreign Minister of Yugoslavia, from Monsieur Massigli the French representative at the Disarmament Conference, and from Count Raczynski representing Poland. At the end of March, Monsieur Titulescu set out on a visit to Paris and London on behalf of the Little Entente as a whole. On the 30th March, the Yugoslav Foreign Minister, Monsieur Jevtić, speaking in Parliament at Belgrade, said that the Little Entente Council's statement of the 25th March precisely reflected the Yugoslav point of view. At the beginning of April, the Polish Foreign Minister, Colonel Beck, started on a round of visits to Prague, Bucarest and Belgrade.

On the 25th April, the most telling attack, up to date, upon Signor Mussolini's policy was delivered by Dr. Beneš in a speech addressed to the two houses of the Czechoslovak Parliament.

Dr. Beneš declared that the Italian draft embodied the essentials of Italian foreign policy during the previous ten years, which he summed up as follows:

1. Italy and Germany are to have equality of status within the concert of the four Great Powers; the exceptional position of the Great Powers is emphasized as against the remaining states, especially in Central and South-Eastern Europe.

2. A new European balance of power is to be created, which will involve the military weakening of France and her friends and the military strengthening of the defeated states.

3. The revision of the Peace Treaties will create a new balance of power in Central Europe as against the Little Entente and Poland, whose position will be weakened.

4. Italy will receive satisfaction in the colonial question.

On the question of treaty revision he defined the attitude of the Little Entente in terms that were precise and uncompromising.

While discussing this question at Geneva with Sir John Simon I was compelled to remind him that frontier adjustments cannot be imposed upon any state and that any one attempting anything of the sort with Czechoslovakia would have to march an army into her territory. We should know how to defend ourselves. It was possible to dispose of territory at the Peace Conference. Since the moment when ownership was confirmed in law to this or that state it is perfectly absurd to claim any right of disposition. That is our position in principle, and we will not depart from it for any one. We cannot understand how a combination of states can be formed to divide the territory of other states when—if I am rightly informed—all questions as to their own territory are to be excluded on the ground that no agreement could be reached about them. . . .

Frontier alterations are only possible by direct agreement between the states concerned within the framework of Article 19 of the League Covenant.

This vehement negative declaration was followed, however, by a positive statement of three conditions on which a 'minor alteration or adjustment of the treaty frontiers' might possibly be brought about.

(a) There must be no external pressure, which would only call forth counter-pressure and would lead to nothing. Agreement can only be reached by direct negotiation between the peoples interested and with their free consent, given in accordance with their constitutional laws. This is true of any application of article 19 of the Covenant, since that article assumes the agreement of the interested states.

(b) Such an agreement is only possible in an atmosphere of calm after some years of peaceful co-operation between the peoples concerned. It cannot follow from any sort of terror, pressure, or blackmail exercised by one Power against another.

(c) Such an agreement is only possible if equivalent compensation is given, so that the interests of both parties are fully respected and their Parliaments and public opinion can give their free consent.

This limited and guarded indication of a possibility that the Little Entente might not always remain completely intransigent in regard to Hungary's and Bulgaria's territorial claims was a corollary to the second of two points in which Dr. Beneš summed up the Little Entente's ideals and aims. The first of these points was that Central and Eastern Europe must not be allowed again to become an arena for the Great Powers' conflicts, nor the Central and East-European successor states to become the Great Powers' pawns. The second point was that, if the Great Powers were to be precluded from fishing in troubled waters, the ex-victors among the Central and East-



European successor states must contrive to effect a reconciliation with their ex-vanquished neighbours and peers.

At the moment, Dr. Beneš's speech of the 25th April seemed to have given the *coup de grâce* to an Italian project that was already apparently moribund; for the damping effect that had been produced by the guarded attitude of the British and the French towards Signor Mussolini's draft, and by the hostile attitude of the Poles and the peoples of the Little Entente, had been accentuated by a general turn for the worse in the proceedings of the Disarmament Conference at Geneva and in the relations between Germany and the rest of the World. Logically, this unfavourable trend of international affairs was a justification of Signor Mussolini's thesis that some energetic move—of the kind represented by the proposed Four-Power Pact—was needed precisely at this moment in order to ensure in advance against the risk of a breakdown at Geneva. In practice, the onset of the malady increased the difficulty of applying the Mussolinian remedy for it. This turn for the worse continued during the first half of May, when the British attempt at Geneva to make headway with the British draft disarmament convention was being obstinately obstructed by the German representative at the Disarmament Conference.<sup>1</sup> But the air was cleared by Herr Hitler's speech of the 17th May, in which he committed himself with impressive publicity and solemnity to a policy of peace, in response to President Roosevelt's peremptory challenge.<sup>2</sup> When Herr Hitler's words in Berlin were promptly translated into action at Geneva through the withdrawal of the German delegate's obstructive amendments to the British draft convention, the international tension relaxed sufficiently to make it possible for the text of a Four-Power Pact to be initialled by all the four Powers in question. At the same time, the document that was initialled at Rome on the 7th June, 1933, showed more traces of Monsieur Daladier's hand than of Signor Mussolini's.

The final text of the Four-Power Pact, as initialled on the 7th June, 1933, was a compromise between the original Italian draft and a French counter-draft<sup>3</sup> embodying the points laid down in the French Government's April memorandum, as well as the points on which the Little Entente Council had insisted. (The views of the Little Entente had differed from the views of the French themselves in emphasis rather than in substance.) At Prague, on the 30th May, the French counter-draft was formally accepted by the Little Entente

<sup>1</sup> See section (iii) (c) of this part of the present volume.

<sup>2</sup> See p. 125 above and pp. 266–71 below.

<sup>3</sup> For a synoptic view of the three texts, see *loc. cit.* on p. 209 above.

Council in a statement in which, after reciting the text of their previous statement of the 25th April, they declared that the objections to the Italian project, there set forth, were met by the new French text. To make assurance doubly sure, they proceeded to point out the differences between the two drafts, put on record the assurances which they had received from all the four Great Powers that there was no question of impairing the authority of the League of Nations, and let it be known that formal guarantees against any attempt at treaty-revision had been given to them by the French Government in accordance with the pre-existing reciprocal undertakings that bound France and the Little Entente countries to one another.

The differences between the French counter-draft and the original Italian draft, which were hereby underlined, and accepted as satisfactory, by the Little Entente Council, were substantially maintained in the final draft which was initialled on the 7th June; and accordingly the news of the transaction at Rome on that date was received calmly in Prague, Bucarest and Belgrade. On the other hand, it raised a storm in Warsaw, where the question of substance, on which the statesmen of the Little Entente had sought, and obtained, satisfaction, was overshadowed by a question of status which did not trouble Dr. Beneš and his Yugoslav and Rumanian colleagues. In their view, the contretemps was over and done with as soon as their own diplomatic efforts had been duly successful in emasculating the original draft of the Four-Power Pact and so condemning the final instrument to sterility. In the Polish view, on the other hand, the damage which was the most grievous in Polish eyes had been done, and done irretrievably, in the mere fact that a diplomatic instrument, however innocuous, which purported to be the act of the Great Powers of Europe, had been negotiated and initialled without Polish participation. In Polish minds, this was an offensive advertisement of the fact that Poland did not, after all, rank as a Great Power in Italian, German, British or French eyes; and the Polish resentment at this supposed slight was concentrated upon France. The Poles felt that France, as Poland's ally, was in honour bound to consider Polish feelings and stand up for Polish interests, and that if France were unwilling to vindicate Poland's cherished status as a Great Power, then France had morally forfeited her claim to count upon Poland as her principal ally in the event of a future settlement of accounts with Germany. Indeed, this Polish resentment against France for having accepted the Four-Power Pact at all, even in so greatly diluted a form, may have had some effect in promoting the

Polish-German *détente* of 1933,<sup>1</sup> which culminated in the Polish-German non-aggression pact of the 26th January, 1934. If so, this was perhaps the principal positive result which the Four-Power Pact produced; for its eventual acceptance by all the four signatories, and by all the other countries, except Poland, whose interests were affected, had been purchased at the price of emptying the text of almost any meaning that was not already expressed in other diplomatic instruments that were already in force.

The new features, embodied in the original Italian draft, had been, first, the suggestion (contained in the Italian Article 1) that the four Powers should impose their joint policy upon other countries; second, the declaration that one point in this policy should be a territorial revision of the Peace Treaties (Italian Article 2); third, the undertaking that in the event of a breakdown of the Disarmament Conference, Germany should be permitted by the other three Powers to attain, in practice, that equality of rights which had been assured to her in the matter of armaments, on condition that she consented to attain it by stages (Italian Article 3); fourth, the hint that, in the colonial sphere, Italy and Germany should receive some satisfaction of their claims at the hands of the United Kingdom and France (Italian Article 4). In the final text, as initialled on the 7th June, 1933, the first and fourth of these original distinctive features of the project were not to be found at all, while the second and the third were retained in so shadowy a form that their survival could barely be detected. The reaffirmation of the principle of the revision of treaties was reduced to a formal tribute of equal respect for Articles 10, 16 and 19 of the Covenant of the League. The permission for Germany to rearm by stages, if the Disarmament Conference were to break down, was replaced by a statement (which might assuredly have been supposed to go without saying) that, in the event of a breakdown, the four contracting parties reserved 'the right to re-examine these questions between themselves under the present agreement with a view to ensuring their solution through the appropriate channels'.<sup>2</sup>

The negativeness of the result actually achieved was indicated indirectly in the German Government's hesitation, at the last moment, over initialling the final text, and explicitly in the terms of the covering despatch with which the text to be initialled was communicated by Sir John Simon to the British Ambassador in Rome.

<sup>1</sup> See pp. 185-8 above.

<sup>2</sup> For these crucial differences between the first draft of the Pact and the final version, see the synoptic presentation of the texts in *loc. cit.* on p. 209 above.

The German doubts were overcome—as a result, it was said, of a personal telephone-call from Signor Mussolini to Herr Hitler a few hours before the due accomplishment of the act of initialling at 7.30 p.m. on the 7th June, 1933. In Sir John Simon's despatch, two negative points were put on record on the British Government's behalf. In the first place, the British Secretary of State for Foreign Affairs recalled that

throughout the negotiations we have made it clear that the proposed agreement should in no sense be regarded as a substitute for, or as set in opposition to, the Covenant of the League of Nations. . . . The proposed agreement was never intended to involve any attempt on the part of the four Powers, if not to impose their will on other states, at least to establish themselves as a kind of directory in Europe.

But, having thus laid it down that the new Pact was 'not a piece of rival or competing machinery, but' was 'framed for the purpose of operating within the ambit of the Covenant and in fulfilment of its object', Sir John Simon took care to explain that, in paying the formal tribute of Article 2 of the Pact to Articles 10, 16 and 19 of the Covenant, the British Government no more intended to raise their own standard of implementing Articles 10 and 16 than the French Government intended, on their part, to give any greater practical effect than before to Article 19. In this matter, Sir John Simon made it clear

that His Majesty's Government's adherence to the new Agreement does not imply any extension of the obligations of the United Kingdom in European affairs. I took occasion, in my speech in the House of Commons on the 26th May, to explain once more the attitude of His Majesty's Government in this respect. In the course of summarising certain heads of British foreign policy, I spoke as follows: 'We have already assumed the obligations of the Covenant, and we have assumed the obligations of the Pact of Locarno. The obligations which Britain has entered into we shall strive to perform, but our friends on the Continent well understand—and it cannot be too clearly understood—that it is no part of the policy of Great Britain to assume further and additional obligations of this character. We take our existing responsibilities too seriously to be willing in a light-hearted and speculative fashion to enlarge them.'

It will be seen that, in effect, the vindication of the integrity of the Covenant against the trespass of the Four-Power Pact was little more than a barren form, and that, in substance, the negotiations ending in the act of the 7th June, 1933, had had the ironical and preposterous result of weakening, *de facto*, all those three articles of the Covenant which the final text of the Pact reaffirmed. While Signor Mussolini's attempt to give reality to Article 19 of the Covenant had been stigmatized as an attack on the Covenant by the

Italian statesman's critics and opponents, the formal defence of the Covenant against this alleged Italian attack had given an opportunity for France to reinforce her virtual reservations against Article 19 and the United Kingdom hers against Articles 10 and 16.

For this untoward outcome of his original initiative, Signor Mussolini was doubtless himself partly to blame, in so far as certain specific and controversial Italian national aims were bound up, in his original scheme (as his critics promptly pointed out), with a public-spirited attempt to salve the wounds inflicted by the territorial terms of the Peace Treaties and to prevent a fresh outbreak of unregulated competition in armaments. But if Signor Mussolini's opponents had triumphantly exposed and frustrated the self-regarding part of his policy, they had done nothing whatever, on their side, to solve the two grave and urgent problems of common interest which Signor Mussolini had in part been attempting to grapple with. And before the close of the calendar year these faults of European statesmanship—calculated self-seeking on one side and blind unconstructiveness on the other—inexorably produced their bitter fruits.

The *détente* at Geneva which had followed Herr Hitler's pacific speech of the 17th May, and which had rendered possible the initialling of the Four-Power Pact on the 7th June, was unhappily not of long duration. The resumption of the work of the Conference, after the summer vacation, on the 9th October, was quickly followed by a fresh deadlock,<sup>1</sup> and the German Government reacted to this deadlock by taking two drastic steps: an immediate withdrawal from the Disarmament Conference, and a serving of notice of an intention to secede, after the lapse of the statutory two years, from the League of Nations. The withdrawal of Germany from the Disarmament Conference was notified to the President of the Conference, Mr. Henderson, by the Foreign Minister of the Reich, Freiherr von Neurath, on the 14th October; the intention to secede from the League was notified to the Secretary-General on the 21st.<sup>2</sup> And both acts were posthumously confirmed by an overwhelming majority of votes, in the plebiscite on the Government's foreign policy which was held on the 12th November, 1933, simultaneously with a general election

<sup>1</sup> The circumstances, which had their origins a considerable way back in the history of the Disarmament Conference, are dealt with in section (iii) below, and need not be recapitulated here.

<sup>2</sup> Already, in June 1933, the German delegation to the International Labour Conference had withdrawn from the Conference as the result of a difference of opinion between them and the other delegations; but Germany had not on that occasion declared her intention to secede from the International Labour Organization, and *a fortiori* not from the League as a whole.

for the Reichstag. The significance of this plebiscite in the history of the National-Socialist Revolution in Germany has been touched upon in a previous chapter.<sup>1</sup> In the field of international affairs, the event fulfilled those fears which had partly actuated Signor Mussolini when he made his diplomatic overtures to the British Ministers in the previous March.

This German sequel to the emasculation of the original Italian project for a Four-Power Pact had effects upon both Italian and British foreign policy which were alike unfortunate for the post-war structure of international society.

In the debate in the House of Commons at Westminster on the 7th November, 1933, in which the history of Germany's withdrawal was reviewed by Sir John Simon, the British Secretary of State for Foreign Affairs did not cease to pay lip-service to the principle of international solidarity.

We shall not get out of our difficulties [he said] by crying isolation when the conditions for isolation have disappeared and cannot exist. We shall not increase our influence for peace by declaring that it does not matter to us what our neighbours in Europe do or do not do.

But Sir John Simon immediately followed up this declaration by a further examination of British obligations under the Pact of Locarno; and this time he went beyond what he had said in his speech of the 26th May and had repeated in his despatch of the 7th June.<sup>2</sup> On those occasions, he had deprecated the undertaking of additional commitments on the ground that His Majesty's Government took their existing commitments so seriously. On the 7th November, he laid stress upon the freedom of action which the Locarno commitments still left at the British Government's discretion. His conclusion was that

no British Government is blindly fettered by the Treaty of Locarno. We have by that Treaty assumed certain important obligations—I do not minimize them—along with Italy and the other Powers, in the interpretation of which we have a decisive voice.

He went on to raise the question whether the obligations of the United Kingdom under the Locarno Pact would be ended if Germany, two years later, were to carry out the intention to leave the League of Nations of which she had given notice; and he gave his own answer in the following terms:

The view of the Government, after consulting the Law Officers of the Crown, is that the withdrawal of any party to the Treaty of Locarno from the League does not of itself and by itself involve the release of all

<sup>1</sup> See pp. 148-9 above.

<sup>2</sup> See pp. 219-20 above.

parties from their obligations under the Treaty. But the withdrawal of Germany, if indeed it ever were to become effective, would raise issues of so far-reaching a character that it would be impossible to make any public statement upon them without careful consideration in consultation with the other parties to the Treaty.

He qualified this answer by 'earnestly' deprecating 'the discussion of these hypotheses, which' could 'only serve to create apprehension and, it' might 'be, to cause misapprehension'. But, in spite of this caveat, the effect on the Continent of the British Secretary of State's analysis of the legal situation was to strengthen a prevalent belief that in future the United Kingdom would exert itself to the utmost in order to evade Continental entanglements.

In Italy, the German notice of secession from the League was taken as a natural consequence of the frustration of the Italian scheme for modifying the structure of the League by means of the Four-Power Pact; and Italian dissatisfaction at this chain of events was expressed in a decision that was taken by the Fascist Grand Council, on the 6th December, 1933, to the following effect:

The continued collaboration of Italy with the League of Nations shall be conditional upon the radical reform of the League in its constitution, organization, and objectives within the shortest possible time.

This fresh assault upon the principle of 'the Equality of States' met with the same opposition, from the same quarters, as the Italian project of March. At Bratislava, on the 6th December, Dr. Beneš once more spoke against any enlargement of the influence of the Great Powers. At Paris, on the 8th, the French Minister for Foreign Affairs, Monsieur Paul-Boncour, expressed the opinion, in a public statement, that the League, as then constituted, combined 'happily the principle of equality for all nations with the fact that the Great Powers, as permanent members of the Council', were 'able to play a predominant part in directing the work of the League without at the same time exercising a decisive hegemony'. On the 14th December, Dr. Beneš arrived in Paris; and on the 17th Monsieur Paul-Boncour made a joint statement in Dr. Beneš's name and his own. In reporting the upshot of their conversations the French Foreign Minister said that both statesmen had reaffirmed their faith in the League, and were agreed that, if it were to be abandoned to its fate, the whole fragile structure of the peace of Europe would crumble. 'They would stand by it,' said Monsieur Paul-Boncour, 'even if they were the last of the faithful.' They had been of the same mind that reforms to the League were only possible within the fundamental principles of its present constitution. There was, in fact, no need

to reform the Covenant, but it might be possible to improve the machinery with which the League did its work.

Thus, in December as in March 1933, the League of Nations was honoured by the lips of statesmen whose hearts were very far from being moved to serve the League in deed and in truth by modifying any of their national policies or renouncing any of their national assets. If the institution at Geneva—the repository of the political hopes of Mankind—had been a creature born to live on air, it would have found itself richly nourished by the generous verbal tributes of its self-designated champions; but some diet of a more substantial kind than the legendary food of chamaeleons was needed to restore the vitality of a political organism which was now being cold-shouldered by the Italians after having been so roughly handled by the Germans and the Japanese. It remained to be seen whether the League would be allowed to die of inanition through the indifference and neglect of an international society which could hardly suffer the League to perish without itself committing suicide.

### (iii) The Disarmament Conference, 1933

#### (a) INTRODUCTORY

In the preceding volume of this series,<sup>1</sup> the proceedings of the World Disarmament Conference were recorded from its opening on the 2nd February, 1932, down to the adjournment of the General Commission of the Conference on the 14th December, 1932. On that date the General Commission had taken note of the five-Power declaration regarding Germany's equality of rights in matters relating to armaments which had been signed on the 11th December<sup>2</sup> and which had put an end to a period of stalemate that had begun five months earlier with the refusal of Germany to continue her participation in the work of the Conference unless her claim to equality was accepted by the other Powers.<sup>3</sup> The recognition of this claim in principle in the declaration of the 11th December made it possible for the German delegation to return to the Disarmament Conference; but, though the formula adopted served temporarily to bridge the gulf between France and Germany, the negotiators failed to lay the foundations for a permanent solution of the principal political problem which had hampered the work of the Conference during the preceding eleven months—the problem of reconciling the German demand for equality with the French insistence on 'security first'.

<sup>1</sup> The *Survey for 1932*, Part III, section (ii).

<sup>2</sup> *Op. cit.*, pp. 288–9.

<sup>3</sup> *Op. cit.*, pp. 255–6.



The declaration of the 11th December was accepted by France because the principle of Germany's equality of rights was conceded as part of 'a system which would provide security for all nations', and the French Government were able to interpret this phrase to mean that the establishment of a satisfactory system of security would precede any steps in the direction of equalizing the armed forces of France and Germany. The German Government, on the other hand, made no secret of their determination to direct all their efforts towards the attainment of practical equality in armaments at the earliest possible moment. Their attitude was clearly defined in an article by General von Schleicher which was issued to the Press on the 26th January, 1933. In this article the Chancellor of the Reich announced that Germany was returning to the Disarmament Conference with the object of achieving, 'in the shortest time', the conclusion of a convention which would satisfy Germany's fundamental demands by creating equal security for all through the disarmament of the highly armed states. The practical realization of German equality of status would depend upon the way in which the Conference carried out general disarmament, but there must be no question of distinguishing between the rights of those who had lost and those who had won the War. This declaration lost none of its force when its author resigned the Chancellorship of the Reich two days later; for Herr Hitler's advent to power on the 30th January was certainly not likely to portend any weakening of Germany's claims in the matter of armaments. Nor did the simultaneous change of Government in France—where Monsieur Daladier took office as President of the Council, in succession to Monsieur Paul-Boncour,<sup>1</sup> on the 31st January—mean that the policy which had been pursued by the French delegation at the previous session of the Disarmament Conference was likely to be modified in substance during the new phase of the activities of the Conference.<sup>2</sup> Thus when the Bureau of the Disarmament Conference reassembled at Geneva in the last week of January 1933 the delegates were brought once more face to face with the problem of finding a common measure between the demand

<sup>1</sup> The Government of Monsieur Herriot, which had been in power at the time of the signature of the five-Power declaration of the 11th December, had fallen on the 14th December (the day on which the General Commission of the Disarmament Conference had adjourned) on the question of the payment of the December instalment of the French debt to the United States (see the *Survey for 1932*, p. 127); Monsieur Paul-Boncour's Cabinet, which took office on the 18th December, was defeated on the 28th January, 1933, on the question of a proposed increase in direct taxation.

<sup>2</sup> On the continuity of French policy in regard to security and disarmament, see the *Survey for 1932*, pp. 196-7 and 268-70.

of Germany for practical equality in armaments with France at the earliest possible moment and the refusal of France to consider the possibility of reducing her own armaments—and *a fortiori* the possibility of allowing an increase in German armaments—unless the security of France was guaranteed by means other than a superiority of French armed force.

The record of the negotiations on disarmament and security which took place at Geneva and elsewhere during the year 1933 is inevitably somewhat complicated, and it may therefore be convenient if the detailed narrative is preceded by a brief review of the main stages through which the discussions passed during this eventful year.

The plan which had been submitted to the Conference in November 1932 by the French delegation,<sup>1</sup> and which was designed to meet the French need for security by organizing the states of the World in three concentric circles, was the first item on the agenda of the General Commission of the Conference when it met at the beginning of February 1933; but the debate on the plan soon showed that it had no chance of general acceptance, and, although it was not actually withdrawn, it was tacitly shelved. Thereafter the French Government and the French delegates at Geneva turned their attention to the possibility of guaranteeing security by means of the supervision of armaments.

By the middle of February the various committees of the Conference were at work on a programme which had been put forward by the British delegation, but they were able to make little progress, and by the end of the month it was generally recognized that, in view of the political situation in Europe and of the growing mistrust of Germany under the Hitler régime which was manifested by other states, there was no prospect that agreement would be reached along the lines which had been followed hitherto. Early in March the British Prime Minister, accompanied by the Foreign Minister, paid a visit to Geneva in the hope of finding a way out of the deadlock, and on the 16th March the 'MacDonald Plan', in the form of a draft convention, was laid before the Conference. This British draft convention—in which, for the first time, definite figures were introduced into proposals for the limitation of effectives and of material—was well received, and when the Conference went into recess at the end of March on the completion of a general discussion on the new proposals, there seemed to be reason to hope that the British initiative might prove to have given the Conference the fresh impetus which it had needed.

<sup>1</sup> See the *Survey for 1932*, pp. 273 *seqq.*

By the time, however, when the General Commission met again, on the 25th April, the political situation had become even more unfavourable; for the resentment of the smaller European Powers against Signor Mussolini's proposals for a Four-Power Pact, which had been discussed with Mr. MacDonald and Sir John Simon when they went on to Rome after their visit to Geneva in the middle of March,<sup>1</sup> was now added to the hostility towards Germany which had been the principal disturbing factor in March, and which had been increasing during April as a result of the Nazis' anti-Jewish measures. The general uneasiness was reflected in the discussions on the details of the British draft convention, and the unwillingness of the majority of the European states to make concessions which might reduce their effective strength was naturally augmented by the intransigence which was displayed by the German delegation. The principal difficulty arose over a proposal for the standardization of Continental armies, which had figured alike in the French plan and in the British draft convention. This proposal implied that the Reichswehr should be transformed into a short-service army, and to this transformation Germany refused to agree. The threatened breakdown of the Conference on this issue was averted when the German Chancellor made a conciliatory speech on the 17th May (following an appeal addressed on the preceding day by President Roosevelt to all the Governments represented at the Conference), and the German delegates at Geneva were instructed to withdraw their objections to the standardization of Continental armies. The General Commission of the Conference was thus able to go on with the first reading of the draft convention, and by the end of May a good deal of progress had been made, particularly in connexion with air armaments. An outstanding feature of this period was the speech made by Mr. Norman Davis, the leader of the American delegation, on the 22nd May, in which the readiness of the potentially strongest Power in the World to reduce its armaments to the level established by the Peace Treaties was proclaimed, and the contribution that the Roosevelt Administration was prepared to make towards European security was clearly defined. As the discussions continued, however, it became clear that there were still a number of important points on which divergent views were strongly held, and that many delegations were still reluctant to take binding decisions. In these circumstances, and in view of the approach of the date (the 12th June) which had been fixed for the opening of the World Economic Conference, the Bureau of the Disarmament Conference decided at the end of May to

<sup>1</sup> See section (ii) of this part of the present volume.

postpone the second reading of the draft convention until the autumn, in order that attempts might be made to reconcile opposing views by means of informal negotiations. The President of the Conference, Mr. Arthur Henderson, was charged with the conduct of these negotiations, and on the 8th June the General Commission adjourned, after it had adopted a resolution formally accepting the British draft convention as the basis of the future Disarmament Convention.

The attempts to solve outstanding difficulties by negotiation met at first with little success, and the results of an Anglo-Franco-American meeting in Paris on the 8th June and of the 'disarmament pilgrimage' which Mr. Henderson undertook in July were alike disappointing. In September the negotiations were reopened by further Anglo-French conversations, which were subsequently extended to include Italy and the United States. The German Government were not consulted until a considerable measure of agreement had been achieved between the four Powers, along lines which involved a marked departure from the British draft convention. The British Government were now prepared to support the idea—to which the French Government had come to attach the utmost importance—that there should be no reduction of non-German armaments and no increase in German armaments until the efficacy of a system of supervision had been tested. The adherence of Italy and of the United States to this principle was secured, and the four Powers agreed provisionally on a proposal that the duration of the Disarmament Convention should be divided into two periods—say, of four years each. During the first period a system of supervision would be put into operation, a beginning would be made with the standardization of Continental armies, and the manufacture of 'aggressive' armaments would be suspended. During this period there would be no substantial 'levelling-up' or 'levelling-down' of armaments, but if the system of supervision proved satisfactory the reduction of armaments—on a scale to be laid down in precise terms in the convention—would take effect during the second period.

Towards the end of September, the negotiations were transferred to Geneva, where the new proposals were discussed with the German delegates. The chief difficulties encountered in these conversations appeared to arise in connexion with the German demand for 'samples' or 'prototypes' of armaments which they had been forbidden hitherto to possess, and not directly in connexion with the '*période d'épreuve*'. The German Government put forward unacceptable counter-proposals to Great Britain on the 6th October, but, in spite of the numerous

indications which had been given<sup>1</sup> that Germany would not continue indefinitely to take part in the Disarmament Conference unless her demands were satisfied, an abrupt termination of these particular negotiations was not anticipated, at any rate by the general public in the various countries concerned. On the 14th October, however, after an outline of the new 'two-period' plan had been given to the Bureau of the Disarmament Conference by Sir John Simon, the German Government announced their decision to withdraw from the Disarmament Conference and to give notice of resignation of their membership of the League of Nations.

The departure of Germany did not formally break up the Disarmament Conference. Indeed, there was a section of opinion, led by France, in favour of continuing the work as though Germany's absence made no difference. This course was, however, far from meeting with general approval, and the French delegation finally bowed to the inevitable. On the 22nd November the Bureau of the Conference decided that there should be no further meeting of the General Commission until January 1934 and that, while the committees and rapporteurs of the Conference should go on with their technical work as far as possible, questions with a political bearing—above all, the crucial problem of how to bring Germany once more within the scope of discussions on disarmament—should be dealt with by 'parallel and supplementary' diplomatic negotiations. The new phase of the problem of disarmament and security which opened in December 1933 with the initiation of these negotiations must be reserved for a later volume.

(b) THE DISCUSSION OF THE FRENCH PLAN AND THE WORK  
OF THE COMMITTEES OF THE CONFERENCE (23RD JANUARY  
TO 16TH MARCH, 1933)

Before the General Commission of the Disarmament Conference had adjourned on the 14th December, 1932, it had fixed the date of

<sup>1</sup> For example, the warning given by Herr Nadolny on the 2nd February in the General Commission (see p. 232 below); his statement a week later that any departure from the provisions of the declaration of the 11th December, 1932, would involve a second departure of the German delegation (see footnote on p. 237 below); and the articles published from time to time in *Völkerbund* by Herr Nadolny and Freiherr von Neurath on the theme that Germany's patience was not inexhaustible (see p. 250, footnote 5, below). Similar indications were given in Herr Hitler's speech of the 23rd March, 1933, in which he maintained Germany's claim to equality (see *Documents on International Affairs*, 1933, pp. 404–5); in Herr Nadolny's warning on the 29th June that the adjournment of the General Commission would have very serious consequences (see pp. 292–3 below); in Herr Hitler's refusal to consider the proposal for a trial period during his conversation with Mr. Henderson in July (see p. 294 below); and in Freiherr von Neurath's speech in Berlin on the 15th September (see p. 297 below).

its next meeting as the 31st January, 1933, and had decided that the Bureau, or Steering Committee, of the Conference should meet a week earlier in order to prepare the agenda for the General Commission. The meeting of the General Commission was postponed until the 2nd February, but the Bureau met on the 23rd January and remained in session until the 31st. It decided that the first subject of consideration by the General Commission should be the revised French proposals which had been submitted to the Bureau in November 1932<sup>1</sup> but which had not been discussed by the General Commission before the adjournment.

The Bureau spent some time in an examination of two reports which had been completed since the middle of December: the report of a special drafting committee which had been instructed on the 15th November to prepare texts dealing with the question of supervision and the functions of the Permanent Disarmament Commission,<sup>2</sup> and the replies to a questionnaire which had been submitted to the Special Committee on Chemical, Incendiary, and Bacteriological Weapons.<sup>3</sup>

In connexion with the draft texts on supervision, an interesting debate took place in the Bureau on the question of granting legal immunity to persons who gave information as to alleged breaches of the provisions of the proposed Disarmament Convention. Under the existing laws of many countries, such persons would lay themselves open to a charge of treason, and the French and other delegates, who attached special importance to the establishment of an efficient system for supervising the application of the convention, were strongly of opinion that persons who gave information in good faith ought to be protected against punitive proceedings. The special case which these delegates had in mind, of course, was that of Germany, and it was significant that Herr Nadolny, the German representative, should have been among the speakers who advocated the abandonment of the attempt to agree upon provisions for legal immunity. The Bureau finally referred the question for further study to a drafting committee. Herr Nadolny was also in the minority<sup>4</sup> which opposed the adoption of clauses providing that any state might demand an investigation into the armaments of a particular country and, that the decision to conduct such an investigation should be

<sup>1</sup> See the *Survey for 1932*, pp. 273 *seqq.*

<sup>2</sup> *Op. cit.*, p. 294. The setting-up of a Permanent Disarmament Commission was provided for in the British draft convention. Its duty would be 'to watch the execution of the present Convention'.

<sup>3</sup> *Op. cit.*, *loc. cit.*

<sup>4</sup> The minority also included Italy. The British delegate also opposed the proposal for a two-thirds majority.

taken by a two-thirds majority of the members of the Permanent Disarmament Commission and not by a unanimous vote. These clauses were supported by Monsieur Massigli, the French delegate, on the ground that it ought to be made as easy as possible for the Permanent Disarmament Commission to conduct investigations. Thus an opposition between the French and German points of view on the fundamental question of supervision made itself apparent at an early stage of the resumed proceedings of the Conference.

The discussion of the report on the supervision and prohibition of chemical, incendiary, and bacteriological weapons showed that there was still a marked difference of opinion in regard to the measures which should be taken in the event of an infraction of the provisions relating to those weapons. It was generally agreed that it was impracticable to control the preparation of chemical substances which could be used by an aggressor,<sup>1</sup> and the question of penalties for the use of chemical, incendiary, or bacteriological weapons therefore became of special importance. The majority of the members of the Bureau were in favour of prohibiting individual reprisals by a state which might be attacked with such weapons and relying upon collective measures, but the British and Italian delegates took the view that no Government could be expected to give an undertaking not to reply by immediate reprisals to such an attack. It was finally agreed that the question of penalties should be left open until the Conference had reached a decision on the general problem of the measures which would be taken in the event of a breach of any of the provisions of the Disarmament Convention. Certain portions of the reports on supervision and on chemical, incendiary, and bacteriological warfare were adopted provisionally by the Bureau, but the results of the debate were necessarily inconclusive, since any question raised in connexion with the reports was liable to be reopened when they came before the General Commission at a later stage.

On the 2nd February—the anniversary of the opening of the Conference—the General Commission began a discussion of the French proposals which lasted until the 8th February. The proposals<sup>2</sup> were explained to the Commission by Monsieur Massigli on the 2nd February, and the debate was wound up by Monsieur Paul-Boncour, the French Foreign Minister, on the 8th, with a restatement of the motives of the French Government which laid significant emphasis upon the necessity for making disarmament dependent upon security. Support

<sup>1</sup> This conclusion had already been reached by the Bureau in the previous November (see the *Survey for 1932*, p. 294).

<sup>2</sup> For an outline of the French proposals, see the *Survey for 1932*, pp. 275-9.

for the French plan was forthcoming from Belgium, Greece, and the Little-Entente states, but most of the speakers raised objections to some at least of its provisions. The representatives of Germany and of Italy, who took part in the debate on the first day, both criticized the plan on the ground that it did not make adequate provision for immediate and effective reduction of armaments. Herr Nadolny suggested that the proposed retention of 'aggressive' armaments for the use of the League of Nations would nullify any provisions for qualitative disarmament, and he expressed the opinion that existing guarantees of security were sufficient to allow of an immediate and far-reaching reduction of armaments. He did not oppose, in principle, the suggestions for a European pact of mutual assistance and for the establishment of an international force, but he indicated that the German delegation was only prepared to discuss these and other questions relating to security on the understanding that agreement on them was not a prior condition of the attainment of German equality.

It will be remembered that the chapter of the French plan which dealt with the organization of security divided the states of the World into three concentric circles: an outer circle consisting of all the Powers represented at the Disarmament Conference, who would be required to undertake certain obligations in regard to a breach or a threat of breach of the Paris Pact for the Renunciation of War; an intermediate circle, consisting of the members of the League of Nations, who would be required 'to give full effect' to the obligations arising out of the Covenant of the League and out of any treaties concluded in conformity with the Covenant; and an inner circle consisting of states on the Continent of Europe, for whom a special organization for mutual assistance, involving political and military arrangements, was suggested. This proposed system of security represented perhaps the most notable contribution made by the French delegation to the common stock of ideas for consideration by the Disarmament Conference, and it was on the security chapter that the debate mainly turned during the first week of February.<sup>1</sup> Baron Aloisi, who followed Monsieur Massigli on the 2nd February, criticized the provisions relating to the innermost circle of states—the basis upon which the whole structure rested—on the ground that they did not apply to Great Britain, and that any system of European mutual assistance from which Great Britain was excluded would be worthless in Italian eyes. Mr. Eden, who spoke on the following day on behalf

<sup>1</sup> The other important innovation in the French plan of November 1932—the proposal for the standardization of Continental military forces on a short-term basis—was not discussed in detail at this stage.



of the British delegation, disposed of any hope that Great Britain might be drawn into the European system by declaring emphatically that the British Government, while fully recognizing their obligations under the Covenant and the Locarno Pact,<sup>1</sup> could not undertake any fresh commitments in Europe. Mr. Eden acknowledged with gratitude the fact that the French Government had taken account of the British standpoint in drawing up their plan, but he agreed with Herr Nadolny in thinking that existing guarantees of security were sufficient to justify a real and immediate reduction in armaments.

The British delegate did not indicate his Government's views upon the portion of the security proposals which was applicable only to signatories of the Kellogg-Briand Pact, but it was evident that the attitude of the United States on this question would be the determining factor. In view of the impending change of Administration at Washington, however, it was not likely that the American representative would be able to make a definite statement at this stage. The French plan had indeed been drafted in the light of a pronouncement by Mr. Stimson, the American Secretary of State, on the subject of the obsolescence of neutrality and the obligation upon signatories of the Kellogg-Briand Pact to consult with one another in times of emergency, which appeared to show that an important change had taken place in American opinion on the European security problem;<sup>2</sup> but at the beginning of February 1933 Mr. Stimson was due to go out of office in a month's time, and an authoritative statement of the new Administration's policy in regard to these and other questions could not be expected until President Roosevelt had actually succeeded President Hoover at the White House. Accordingly Mr. Gibson, who was representing the United States on the General Commission, contented himself with pointing out that it would be desirable for the Conference to reach agreement first upon

<sup>1</sup> It was noticeable that neither on this occasion nor in subsequent statements by British Ministers on the subject of the Locarno Pact (see pp. 220 and 222-3 above and pp. 300 and 313 below) was any reference made to the general obligation in regard to the maintenance of the collective system which had been accepted at Locarno by the signatories of the collective note to Germany regarding Article 16 of the Covenant of the League of Nations. In that note, which formed Annex F to the Final Protocol of the Locarno Conference, the representatives of the Locarno Powers (other than Germany) placed it on record that, according to their interpretation, Article 16 of the Covenant 'must be understood to mean that each state member of the League is bound to co-operate loyally and effectively in support of the Covenant and in resistance to any act of aggression to an extent which is compatible with its military situation and takes its geographical position into account'.

<sup>2</sup> See the *Survey for 1932*, pp. 270 *seqq.*

the European aspect of the security proposals, and he reserved the opinion of the United States Government on the portion of the French plan which directly concerned them. Monsieur Litvinov, on behalf of another state which was included only in the outermost circle, was able to make a more constructive contribution to the discussion. He said that the Soviet Government would be prepared to sign an agreement embodying the proposals contained in the French plan for interpreting and extending the obligations undertaken by signatories of the Kellogg-Briand Pact, and he also submitted to the Conference—as a ‘logical expansion’ of the French plan—a detailed definition of an aggressor<sup>1</sup> which, at a somewhat later stage of the proceedings, provided a basis for relatively fruitful discussion.<sup>2</sup>

The outcome of the debate on the French plan was sufficiently indicated by the speech of the Polish representative on the 6th February. The Polish Government could generally be counted upon to support any suggestions put forward by France, but the section of the French proposals which related to the standardization of Continental forces was not regarded with favour in Warsaw, where the reintroduction of conscription in Germany was considered a highly dangerous measure. Count Raczinski did not give direct expression to Polish apprehensions on this point, but he deduced from the speeches which had already been made that there was little hope of ‘realizing the generous ideas that inspired the authors of the French plan’, and he suggested that it would be well for the Conference to aim at producing concrete results, in the shortest possible time, by concentrating upon questions on which agreement seemed to be within reach. A proposal, emanating from the Great Powers, for declaring an ‘interim dividend’ of this kind had been canvassed in the previous autumn but had been dropped owing to the opposition of the smaller states;<sup>3</sup> but there was general agreement on the desirability of co-ordinating the work of the Conference and avoiding inconclusive discussions as far as possible. With this object in mind the British Government had drafted a programme of work which had been circulated to other delegations and submitted to the Bureau of the Conference before the General Commission assembled.

In their ‘draft proposals’<sup>4</sup> the British Government suggested ‘that it would be advisable, as soon as the general discussion of the French plan’ had ‘been completed in the General Commission, to agree on

<sup>1</sup> The text is given in League of Nations Document *Conf. D./C.G./38*.

<sup>2</sup> See pp. 278–9 and 281–2 below. <sup>3</sup> See the *Survey for 1932*, pp. 287–8.

<sup>4</sup> League of Nations Document *IX. Disarmament. 1933. IX. 1. (Conf. D. 154)*.

a programme of work which would enable the Conference to embody in a convention the proposals made by various delegations since the opening of the Conference'. Accordingly, they offered for consideration a draft resolution, 'containing directions for the ordering of the work', which might be submitted by the Bureau to the General Commission.

The Bureau, in whose hands the direction of the work would be placed, would 'organize without delay practical discussion' of certain topics of a general nature. These topics included 'a solemn affirmation, to be made by all European states, that they will not in any circumstances attempt to resolve any present or future differences between them by resort to force';<sup>1</sup> 'the immediate study by the Continental European States... of the possibility of reaching political arrangements' for mutual assistance; the application of the principles that the new disarmament convention would replace the disarmament chapters of the Peace Treaties and that 'the newly expressed limitations in the case of Germany and the other disarmed states' would 'last for the same period and be subject to the same methods of revision as those of all other countries'; the embodiment in the disarmament convention of an undertaking to enter upon negotiations, before its expiry, for a new convention providing for a further adjustment of armaments; the embodiment in the convention of provisions for the realization of qualitative equality in regard to war material, if not immediately after the entry into force of the convention, then by specified stages, and the consideration, in this connexion, of 'the reduction of the armies of the Continental European States to a uniform general type of organization'.

It was suggested that the Political Commission<sup>2</sup> should begin at once to study the question of a 'solemn affirmation' against resort to force, and that a committee of the Continental European States should be constituted to examine the possibility of arrangements for mutual assistance. Questions more directly concerned with disarmament would be dealt with by the Bureau with the assistance, where necessary, of technical committees. Thus, while the Bureau would be responsible for computing the total land forces to be permitted to each state, the Effectives Committee might be required to submit recommendations concerning the ratios to be employed

<sup>1</sup> The Governments of the United Kingdom, France, Germany and Italy had already, in the declaration of the 11th December, 1932, announced their readiness to join in a solemn affirmation of this kind. (See the *Survey for 1932*, pp. 288-9.)

<sup>2</sup> For the appointment of the Political Commission, see the *Survey for 1932*, p. 214.

in the calculation of the 'police component (the irreducible component) of the existing land forces of each country, both metropolitan and overseas',<sup>1</sup> and concerning the 'stages and methods by which Continental European armies' might 'be brought into harmony with the general type of organization adopted'. It was also proposed that a special committee consisting of representatives of the principal air Powers should be set up 'to examine the possibility of an entire abolition of military and naval machines and of bombing from the air, combined with an effective international control of civil aviation'. The Bureau itself would be required to take decisions regarding the maximum unladen weight of military aircraft, the maximum unit tonnage of various classes of ships and of tanks and the maximum calibre of naval and mobile land guns, and also regarding the limitation of numbers of aircraft, tanks and land guns, and the disposal of material in excess of the limits agreed upon.

This suggested programme of work was discussed by the Bureau on the 9th and 10th February. In recommending its adoption, Mr. Eden pointed out that the time for making decisions had come. Nearly all the proposals that were before the Conference had been fully examined from the technical point of view, and it now remained for the Governments to shoulder their responsibilities. He appealed to his fellow delegates to weigh the risks of making concessions in order to promote agreement against the infinitely greater danger of a breakdown of the Conference. The thesis that the Conference had entered upon the stage of definite decisions was not contested by subsequent speakers, but there was a division of opinion in regard to the procedure which should be followed. There was general agreement that the habit of referring points from one committee to another, into which the Conference had fallen in its previous sessions, must be avoided if progress was to be made, but the British proposal that the Bureau should be the body to take decisions did not meet with general acceptance. The smaller states, many of whom were not represented on the Bureau, had shown themselves particularly sensitive in the past on the question of the transfer of responsibility from the Disarmament Conference as a whole to any smaller body,<sup>2</sup> and the French Foreign Minister now associated himself with this point of view. Monsieur Paul-Boncour suggested that the points in the British programme relating to security should be discussed by the Political Commission and those relating to disarmament by the

<sup>1</sup> For the suggested division of effectives into a 'police component' and a 'defence component', see *op. cit.*, pp. 203 and 240-1.

<sup>2</sup> See the *Survey for 1932*, pp. 235, 248, 255, 300.

General Commission.<sup>1</sup> This proposal was adopted, but considerable difficulty was encountered in deciding on the order in which the various items of work should be taken up. Herr Nadolny wished to reserve for later consideration the questions which were raised by the sections of the British proposals relating to the replacement of the disarmament chapters of the Peace Treaties and to the 'realization of qualitative equality', and he suggested that attention should be concentrated on concrete questions of reduction of armaments and in the first place on the problems of land war material. The Italian delegate also thought that questions relating to material should be given precedence, whereas Monsieur Paul-Boncour was in favour of taking effectives first. The Bureau finally decided to refer to the Political Commission the questions of an affirmation against resort to force and of European mutual assistance, together with other security questions arising out of the French plan and the discussion on that plan; to postpone consideration of the remainder of the general questions mentioned in the British programme; and to leave it to the General Commission to decide in what order it should deal with the various problems submitted for its consideration.

This debate on procedure was interesting because it showed France and Germany manœuvring for position on a matter which was to prove a serious obstacle to progress during the next few weeks. The proposal for the standardization of the military forces of the Continental European states on the basis of universal short-term service formed an integral part of the French plan, and the French delegation held that it would be useless to discuss questions relating to the armaments of the military forces of France and other countries until the nature and size of those forces had been determined. The French Government had hoped that this part of their proposals would prove acceptable to Germany, whose representatives had included a reduction in the period of military service stipulated in the Peace Treaty among the desiderata which they had put forward for consideration by the other Powers in the spring and summer

<sup>1</sup> During the discussion, Monsieur Paul-Boncour made a statement on the declaration of the 11th December, 1932, which aroused much resentment in Germany. He said that that declaration could not take the place of a decision of the Disarmament Conference, and that France could only conceive of equality of rights within an organization ensuring security. Herr Nadolny replied to this by pointing out that the declaration of the 11th December formed the basis on which Germany had returned to the Conference, and he hinted that any departure from its provisions would involve a second withdrawal of the German delegation. It was subsequently denied in French official quarters that Monsieur Paul-Boncour had intended in any way to repudiate the declaration of the 11th December.

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of 1932.<sup>1</sup> The German Government, however, had contemplated the retention of the Reichswehr in a modified form, and they had proposed in addition to supplement their regular forces by some kind of militia. Since the publication of the French plan in November 1932, there had been many indications that the Germany military authorities had become convinced of the value of the long-service army which had been forced upon Germany by the Peace Treaty, and were by no means inclined to relinquish it now at the bidding of France. Time was to prove that French opinion was correct in thinking that the desire of the German delegation to postpone the question of effectives portended an intention to make a stand against the proposal to abolish the Reichswehr in favour of a short-term force.

The discussions in the Bureau and in the General Commission had served to show that there was still a wide gulf between the French and the German points of view, and Mr. Henderson, the President of the Conference, was reported to have made the suggestion that it might facilitate the task of the General Commission if the European Great Powers were to attempt to clear the ground in private conversations. Monsieur Paul-Boncour, however, was not in favour of informal negotiations of this kind, and when the meetings of the General Commission were resumed on the 13th February even the preliminary question of the order of its agenda still remained to be settled.

Herr Nadolny urged once more that the Commission should proceed immediately to discuss the reduction of material, and he suggested that questions relating to effectives should be referred to the Effectives Committee. Monsieur Paul-Boncour took the view—with which there was general agreement—that the committee could not be expected to do useful work unless questions of principle had first been settled by the General Commission. It was finally agreed that a drafting committee should determine the points in connexion with effectives on which decisions in principle were necessary and that the General Commission should then discuss these points and should postpone the question of war material until it had disposed of effectives. Thus the first round in the contest was won by France, and the German delegation was obliged to show its hand on the matter of effectives at an earlier stage than it had desired.

The first of the series of questions drawn up by the drafting committee for the General Commission ran as follows: 'Is the General Commission of opinion that the European Continental armies should be standardized by being converted into armies with short-term service and limited effectives?' When the Commission began its

<sup>1</sup> See the *Survey for 1932*, pp. 225, 261, 280.

attempt to answer this question on the 16th February, Herr Nadolny reserved his Government's attitude until details were known of the organization which it was proposed to substitute for the Reichswehr. On the following day Monsieur Pierre Cot, who was at this time Air Minister in the French Government, presented on behalf of the French delegation a resolution by which the General Commission would adopt the principle 'that in Continental Europe an army with a short-term service and limited effectives is the type of military organization that represents the most defensive character and with which mobilization is slowest'; would recommend the 'general adoption of this type of army'; and would decide 'to pass on to the study of the conditions in which this general adoption might be brought about'. Monsieur Cot explained that in the system contemplated by the French Government the period of service would be eight or nine months, and he added that France would agree that the necessary adaptation of existing systems should take place in two stages of three or four years each. His speech was conciliatory in tone, but he emphasized the point that the worst possible system would be one in which standing armies and militias could exist side by side, and a reference which he made to 'para-military' associations in certain countries that had developed a militarist spirit was taken up by Herr Nadolny with some heat. The German delegate, while still refusing to make a definite pronouncement for or against the standardization of armies, declared that he could not accept the principle that such standardization should be an indispensable condition of a reduction of armaments. On the 18th February Herr Nadolny went to Berlin to consult his Government, but the new instructions which he received did not enable him to make any concessions to the French point of view. The case which he outlined to the General Commission on the 22nd February was that the defensive or aggressive character of an army depended not so much upon its organization and the term of service of its effectives as upon the defensive or aggressive nature of its armaments.<sup>1</sup> Herr Nadolny submitted a resolution asking the Commission, before pronouncing on the principle of standardization of armies, to take a decision on the abolition of 'offensive' armaments and the limitation of permitted war material.<sup>2</sup> On the following day a vote was taken on the French

<sup>1</sup> This was the exact opposite of the French thesis that the nature of the army must be decided before the nature of the armaments (see p. 237 above).

<sup>2</sup> Herr Nadolny took exception to a ruling by Mr. Henderson that this resolution was in complete contradiction with the Commission's decision of the 13th February to take effectives first, and when Mr. Henderson declared the meeting closed the German delegation was manifestly aggrieved. The difficulty



and the German resolutions and also on an Italian resolution which approved the principle of the standardization of armies but laid stress on the importance of limiting material. The French resolution was carried by twenty-one votes (including those of the British and American delegates), with a large number of abstentions. The Italian resolution received five votes, but the German delegation was alone in supporting its own resolution—a position of isolation the significance of which was not missed by Herr Nadolny and his colleagues.

Having thus decided in principle in favour of the standardization of Continental armies, the General Commission went on to discuss the proposed new system in greater detail. Between the 27th February and the 6th March a number of questions concerning effectives were disposed of provisionally by majority votes. Thus it was decided that standardization should not apply to forces stationed overseas;<sup>1</sup> that in calculating the period of service account must be taken of pre-military training and of instruction given outside the army (that is, in 'para-military' associations); that police of a military character must be included in computing effectives; that the coexistence of a professional army and a short-service force must be avoided; and that effectives stationed at home should be divided into reducible and irreducible components intended respectively for purposes of defence and of police. The appearance that the Conference was making headway on the question of effectives was illusory, however, for the large number of abstentions on votes of any importance, combined with the consistent opposition of the German delegation, which received some support from the representatives of Italy, the U.S.S.R., Austria, and Hungary, made it clear that agreement on terms which could be embodied in a disarmament convention was still far to seek. Herr Nadolny had strongly opposed the decision to exclude colonial and overseas forces from the standardized system and had suggested that forces stationed near the mother country ought to be subject to the same rules as the home forces. He was supported in this by the Italian delegate, whose Government shared the apprehensions

was smoothed out, however, by a conversation between Mr. Henderson and Herr Nadolny.

<sup>1</sup> A sub-committee was appointed, however, to consider whether effectives stationed overseas should be divided into reducible and irreducible components. Most of the members of this sub-committee were representatives of Powers which possessed colonies, but it also included a German representative. A reference which was made by Monsieur Sarraut, the French Minister for the Colonies, during the discussion, to the possible collaboration of non-colonial Powers in the development of overseas territories was received with pleasure in Germany, though it was the subject of some criticism in France.

that were felt in Germany in regard to the possible use in Europe of the French forces stationed in North Africa. Herr Nadolny had wished to refer to the Effectives Committee the question of pre-military training, and after this proposal had been rejected by seventeen votes to ten he abstained from taking part in subsequent votes. On the 3rd March, however, he expressed keen disappointment because the General Commission had failed to take the opportunity to decide on a real measure of disarmament, and declared that after a year's work the Conference had made no progress. This pronouncement was made after the Commission had accepted, by twenty votes to three, a proposal from Monsieur Paul-Boncour to postpone the question of the proportion in which it would be possible for the reducible component of effectives to be reduced. Monsieur Paul-Boncour explained that his Government could not declare their views on this matter until they knew the degree of security which would be provided by the Disarmament Convention.

After the General Commission had concluded on the 6th March its discussion of questions of principle relating to effectives, the special Effectives Committee began its consideration of points of detail, but here also the attitude of Germany proved an obstacle to progress. The committee was asked by the General Commission to provide a table showing the effectives of each country as determined by application of the principles approved by the General Commission. The first item on the committee's programme was the question of the inclusion in effectives of members of national police forces which conformed to certain criteria. The German delegate presented a proposal which was designed to exclude the German Schutzpolizei altogether, and after some discussion a sub-committee was appointed to go into the question of the status of the German police, on the basis of the criteria which had already been established. The problem of the criteria which should be used in determining what constituted pre-military instruction was also referred to a sub-committee, and on the 11th March the Effectives Committee adopted a formula proposed by the sub-committee. On the 14th March the Effectives Committee decided to recommend to the General Commission that in countries where pre-military or 'para-military' instruction existed it should be regulated and supervised in such a way that account could be taken of it in computing effectives, and that Governments which did not feel able to take the necessary measures to that end should be required to prohibit pre-military and para-military instruction altogether.

The other principal committees of the Conference which were

at work between the middle of February and the middle of March were the Air Commission and the Political Commission.<sup>1</sup>

The Air Commission, which consisted of the representatives of eighteen Powers with Señor de Madariaga (Spain) as chairman, had been appointed by the General Commission on the 16th February with instructions to examine the possibility of the abolition of military and naval aircraft and of bombing from the air, combined with an effective international control of civil aviation. At the first meeting of the Commission, on the 20th February, the discussion was opened by the British Air Minister, Lord Londonderry, who pointed out that the essence of the problem was to devise some system of controlling civil aviation, since it would be useless to consider the abolition of military and naval air forces so long as civil aircraft could be adapted at any moment to purposes of aggression. In the British Government's view the scheme for regulating civil aircraft must effectively prevent any possibility of the use of such aircraft for military purposes, but must not hamper the development of civil aviation nor impose any restrictions on freedom of experiment and research.<sup>2</sup> Lord Londonderry refrained from making any constructive proposal in regard to the way in which the ends that he indicated might be attained, and his insistence upon the reservation (which had been made already in the British proposals of November 1932)<sup>3</sup> that air bombing should be retained for police purposes in certain outlying regions was generally felt to constitute a serious obstacle to progress.

The Air Commission had before it a French proposal for the internationalization of civil aviation by means of the establishment of an international company, under the auspices of the League of Nations, to manage the great transport lines, with subsidiary companies managing lines of secondary importance.<sup>4</sup> The scheme would be completed by the creation of an international air police. This proposal was especially remarkable because it represented an attempt by the strongest existing air Power to clear the way for the abolition of

<sup>1</sup> The Technical Committee of the Commission on National Defence Expenditure was also going on steadily with the preparation of a report based on the information regarding national defence budgets supplied by the Governments represented at the Conference (see the *Survey for 1932*, pp. 232, 299).

<sup>2</sup> This statement of policy was slightly modified at a later meeting of the Commission by Mr. Eden, who declared that it was more important to secure immunity from air attack than it was to ensure the full development of commercial aviation.

<sup>3</sup> See the *Survey for 1932*, p. 285.

<sup>4</sup> The minutes of the Air Commission were published as League of Nations Documents *Conf. D./C.G./C.A./P.V. 1 to 10*. For Monsieur Cot's plan see Document *Conf. D./C.G./C.A./5*, and for the proposal regarding an international air police see Documents *Conf. D./C.G./C.A./P.V. 7 and 8*.

military aircraft. It was recommended for acceptance in a vigorous speech by Monsieur Pierre Cot, the French Air Minister, and it received support from the representatives of Belgium, Czechoslovakia, Yugoslavia, Norway, Spain, and Sweden. The minority which considered internationalization of civil aviation impracticable included the German, Italian and Russian delegations, and the British representative also saw difficulties in the way of carrying out the French proposals. Germany was in favour of the abolition of military and naval aircraft and the prohibition of air bombardment, but considered that regulation and control of civil aviation would be sufficient. Italy was not prepared to accept the total abolition of military aircraft, though she was in favour of strict limitation, and she was opposed even to supervision of civil aviation on the ground that it would infringe national sovereignty. On the 27th February, after an inconclusive debate, Herr Brandenburg, the German delegate, declared that he could not continue to take part in discussions on the internationalization of civil aviation until he knew the intentions of other delegations in regard to the abolition of military aircraft. This difficulty was disposed of by conversations between Herr Brandenburg and Señor de Madariaga, and the Commission adopted a resolution on the 28th February declaring that its work was based on the hypothesis of the total abolition of military and naval aircraft, but that no decision could be reached on such abolition until the preliminary questions of the internationalization of air transport and the creation of an air police force had been settled. On the 2nd March, Herr Brandenburg declared that if military aviation were abolished Germany would be ready to accept any really decisive measure to prevent the use of civil aviation for military purposes, but he inquired whether, if a scheme of internationalization were adopted for Europe, non-European countries would take similar measures. Mr. Gibson, for the United States, returned a non-committal answer to this inquiry, but the representatives of Japan, India and Siam expressed the opinion that internationalization of civil aviation was a purely European problem. Finally, a sub-committee was appointed to draw up a report on internationalization, and the question of air police was also referred to another sub-committee, after a general discussion in which Herr Brandenburg was again the leading critic of the French proposals.<sup>1</sup>

The Political Commission, which consisted of one member of every

<sup>1</sup> Mr. Eden, for Great Britain, adopted a cautious attitude in regard to the proposed constitution of an international air force and suggested that it might be found possible to use national forces instead of creating a new force.

delegation taking part in the Conference and which was therefore distinguishable from the General Commission only in name, began work on the 14th February. It decided to discuss first the British proposal that the European states should make a solemn affirmation against resort to force. The debate on this question, which lasted until the 2nd March, turned mainly on two points:<sup>1</sup> whether the declaration should be confined to Europe or should be extended to include all countries, and whether or not reservations should be included permitting the application of force in execution of previous obligations such as the Covenant of the League and the Locarno Treaties. The principal advocate of an extension of the scope of the declaration to cover the whole World was Monsieur Litvinov, who pointed out that if the declaration were confined to Europe the signatories of the Kellogg-Briand Pact would fall into two categories—the European states who had renounced the use of force as well as the use of war, and the non-European states who would still be free to resort to force. Monsieur Litvinov was supported by the representatives of Persia, Turkey, China, and Afghanistan, but considerable weight was felt to attach to the argument, which was put forward by Monsieur Paul-Boncour, that the United States, through the mouth of Mr. Gibson,<sup>2</sup> had recommended the European states to come to a preliminary understanding among themselves on matters affecting their security. The representative of the United States did not join in the discussion, but Sir Philip Sassoon, for Great Britain, indicated that his Government had proposed, and were ready to accept, a declaration applying only to Europe.<sup>3</sup> It was finally agreed

<sup>1</sup> There was also some discussion in regard to the use of the word 'force'. Mr. Eden explained that the word had been used deliberately in the British draft in order to avoid controversy, in any case that might arise, as to whether the action taken amounted to war or not. The Italian delegate expressed a preference for the use of the word 'war', but he did not receive any support, though the German delegate provoked criticism by remarking that the assembly of German troops in the demilitarized zone could not be considered a resort to force. It was obvious, indeed, that it was only the expression 'resort to force' which differentiated the proposed affirmation from the undertaking which was already binding upon signatories of the Kellogg Pact. The point of view that the multiplication of international pacts only served to throw doubt on their efficacy was put with some emphasis by Señor de Madariaga.

<sup>2</sup> See pp. 233-4 above.

<sup>3</sup> Presumably the intention of the British Government was to retain their freedom of action 'in certain regions of the World', in accordance with the 'British Monroe Doctrine' which had been formulated at the time of the negotiation of the Briand-Kellogg Pact (see the *Survey for 1928*, pp. 20-1). Possibly, also, the attitude of the British delegate was coloured by knowledge of the fact that a declaration of world-wide scope would not be accepted by Japan.

that the question of giving universal effect to the proposed obligation should be left open for the present.

On the question of reservations covering previous obligations a more serious difference of opinion arose. The French delegation was anxious that the terms agreed on should not make it more difficult to apply the provisions of Article 16 of the Covenant or of the Locarno Pact, and Monsieur Massigli was therefore in favour of a reservation covering previous obligations. The German delegate, however, refused to agree to the inclusion in the declaration of any reference to the Locarno Pact or other previous agreements. A deadlock appeared to have been reached, but after a series of meetings between the Locarno Powers a formula was devised which satisfied both France and Germany. It was agreed that resort to force should be prohibited on the same terms as resort to war was prohibited in the Kellogg Pact—that is, the signatory states would ‘solemnly affirm that they will not in any event resort, as between themselves, to force as an instrument of national policy’. In this form, the declaration was accepted by the Political Commission on the 2nd March. There were twenty-six affirmative votes, and no opposition, but the number of abstentions was again very large.

On the 4th March the Political Commission began to discuss the French proposal for a European pact of mutual assistance. Monsieur Paul-Boncour, who said that his Government attached special importance to the conclusion of a pact of this kind, was supported by the representatives of the Little Entente states, Greece, and Finland. Herr Nadolny was again critical, and although the Italian representative did not take part in the debate he joined Herr Nadolny in voting against a resolution accepting the principle of a pact of mutual assistance between Continental European states which was adopted by fourteen votes to five on the 7th March. The other states which opposed the resolution were Austria, Hungary, and the Netherlands—the last because the provisions of the pact were not to apply to Great Britain.<sup>1</sup> Mr. Eden voted with the majority, after he had secured the insertion of the word ‘Continental’ in order to leave no doubt that Great Britain was excluded. It was proposed that a small committee should be appointed to draw up the text of a pact, but when the representatives of Germany, Italy, and Hungary refused an invitation to take part in this task it was decided that the preparation of a text should be postponed until a decision had been reached in regard to the definition of the aggressor, whose action would put the machinery of mutual assistance into operation. According

<sup>1</sup> Belgium abstained from voting for the same reason.

to the French plan, the right to assistance would be established 'when a territory under the authority of one of the signatory Powers' was 'attacked or invaded by foreign forces', but the Commission also had before it the more detailed Russian proposal for defining an aggressor which had been submitted to the General Commission during the discussion of the French plan.<sup>1</sup> The French delegation was willing to take this Russian proposal as a basis for discussion, and many of the small Powers were in favour of it, but the methods suggested were criticized as too rigid and automatic by Mr. Eden and also by Mr. Gibson, the American representative. After a general discussion, the Political Commission decided on the 10th March to set up a sub-committee which would examine first the question of defining the aggressor, second a Belgian proposal relating to the establishment of the facts of an aggression,<sup>2</sup> and third the proposed pact of mutual assistance. On these terms the German, Italian, and Hungarian delegations were ready to join the sub-committee.

By this time, however, it had become only too clear that the Conference was not proceeding on lines which were likely to lead to the conclusion of a Disarmament Convention within a reasonable period of time. The high proportion of abstentions on votes of any importance in the Commissions and Committees gave an appearance of unreality to the proceedings, and it was evident that many of the delegations were not ready to commit themselves, in the present state of international politics, to measures involving a reduction of their countries' armed forces. The situation in the Far East,<sup>3</sup> which had cast its shadow over the Disarmament Conference from the outset, was certainly not conducive to a belief in the efficacy of the collective system of security, and in South America, also, more than one State Member of the League of Nations and signatory of the Kellogg Pact had disregarded its treaty obligations and was engaged

<sup>1</sup> See p. 234 above.

<sup>2</sup> For the Belgian proposal, see *Conf. D./C.P./12*.

<sup>3</sup> See the *Survey for 1932*, Part V, and the present volume, Part IV. On the 24th February, 1933, the Japanese delegation withdrew from the special session of the Assembly which was considering the Sino-Japanese dispute, and the notice of Japan's resignation of her membership of the League was expected to follow in due course. On the 1st March, however, the Japanese delegation to the Disarmament Conference notified Mr. Henderson that it would continue its participation in the work of the Conference, but it was announced at the same time that the Japanese Government considered it necessary, in view of the situation in the Far East, to make various modifications in national defence. This indication that the level of Japanese armaments was likely to be raised rather than lowered did not seriously affect the discussions in the Disarmament Conference until naval armaments came up for consideration (see p. 285 below).

in an attempt to assert its rights by armed force.<sup>1</sup> Thus the atmosphere would not have been propitious for the Disarmament Conference to take the definite decisions which were expected of it in its new phase even if there had been no disturbing changes in Europe. By the end of February, however, there could be no doubt that the principal factor in determining the state of mind of delegates from European countries was the development of the situation in Germany.<sup>2</sup> Whatever the ultimate intentions of Herr Hitler's Government in regard to the conduct of German foreign policy might prove to be, the assumption of power by a party which had always made the revision of the Peace Treaty one of the cardinal points of its programme was bound to cause uneasiness in neighbouring states, and the utterances of leading members of the new administration had done nothing so far to calm these apprehensions. Moreover, so far as the Disarmament Conference was concerned, it could not be denied that the change of régime in Germany had been reflected in the behaviour of the German delegates. Their attitude appeared to the majority of their colleagues to be deliberately obstructive, and the manner in which they put forward their demands was certainly far less conciliatory than that which Herr Nadolny had adopted in the early days of the Conference, when he had represented the Government of which Dr. Brüning was the head.

The tactics of the German delegates were due in part, no doubt, to the exigencies of home politics (a Nazi Government would obviously consider it due to its own prestige to 'make itself felt' at Geneva); but, not unnaturally, they confirmed the fear of France and her allies that Germany under Herr Hitler was moving, more or less openly, in the direction of rearmament and treaty violation.

In this situation, it was more improbable than ever that the French Government would modify their traditional policy of 'security first', but by the beginning of March Monsieur Daladier's Cabinet had committed itself at least to a change in the direction in which the

<sup>1</sup> See the present volume, Part III, sections (iv) and (v).

<sup>2</sup> The Little Entente countries in particular were also perturbed over an alleged arms smuggling incident—known as the Hirtenberg affair—which had taken place in December 1932, when a large consignment of machine-guns and rifles, which had been sent from Italy to Austria—with Hungary, it was believed, as its ultimate destination—had arrived at the arms factory at Hirtenberg in Austria for repair. It was significant that the Foreign Ministers of the Little Entente states, who held a meeting at Geneva in the middle of February, should have decided that the time had come for a closer and more formal bond between them. On the 16th February, 1933, a statute of the Little Entente was signed, providing for the transformation of the Entente into a unified international organization. (See pp. 203–4 above.)



desired security was to be sought. The discussion of the French plan by the General Commission at the beginning of February had convinced the Government that there was little or no hope that the plan would be adopted as a whole. On the conclusion of the debate, the Foreign Affairs Committee of the Chamber appointed a sub-committee to examine the position, and this sub-committee, which reported in the middle of February, was believed to have taken the view that France would do well, for the time being, not to insist too rigidly upon improvements in the system of collective security, but to concentrate instead on an effort to secure really effective arrangements for the control of armaments and supervision of the execution of a Disarmament Convention. On the 1st March Monsieur Daladier, in an address delivered to the American Press Association in Paris, declared that his Government looked forward to a simultaneous reduction of all armed forces, and that he himself regarded effective supervision of armaments as the most essential step towards a general reduction. The prospects of agreement at Geneva would obviously be improved if the French Government no longer intended to insist upon additional contributions to security from the United States and from Great Britain and upon the establishment of an international force; but, while the emphasis was thus shifting to the question of control, it still remained open to doubt whether any system of control which would satisfy France would be accepted by Germany.

By the beginning of March many observers had come to the conclusion that the Disarmament Conference was merely wasting time and that the discussions were bound to be fruitless until the new German Government had declared their policy in unmistakable terms.

On the 1st March, Mr. Eden, the British Under-Secretary of State for Foreign Affairs, who was acting as the Government's principal representative at the Conference,<sup>1</sup> had left Geneva for London in order to report to the Cabinet on the position, and on the 3rd March it had been officially announced that the British Prime Minister and Foreign Minister intended to go to Geneva in the near future in order to assist the Conference to reach early decisions. During the next few days there was some discussion regarding the possibility of a meeting at Geneva between the heads of Governments, or other responsible Ministers, of the Great Powers, at which the differences

<sup>1</sup> The only senior British Minister who had attended the Disarmament Conference since it reopened was Lord Londonderry, who took a not very helpful part in the discussions of the Air Commission on the 20th February (see p. 242 above).

between France and Germany might be frankly discussed, with Great Britain and Italy, and perhaps the U.S.A.,<sup>1</sup> acting as 'honest brokers'. The French Government, however, were still opposed to any idea of a four-Power or five-Power Conference, and it soon became apparent that Signor Mussolini did not intend either to break his rule of staying away from Geneva himself or to send a special representative to meet the representatives of other Powers. On the 8th March it was announced that neither Herr Hitler nor Freiherr von Neurath, his Foreign Minister, could leave Berlin at that moment.<sup>2</sup> In the meantime it had been arranged that the British Ministers should leave London on the 9th March and should discuss the situation with members of the French Government in Paris on their way to Geneva. Monsieur Paul-Boncour had returned to Paris on the 5th March, and he was among the Ministers who accompanied Monsieur Daladier at an interview with Mr. MacDonald and Sir John Simon on the 10th March. The *communiqué* issued at the close of the conversations stated that the exchange of views had covered 'the main economic and political questions now calling for attention. The urgency of the Geneva problem, especially in relation to the actual European situation, was fully recognized by the Ministers, who declared themselves determined to seek, in agreement with the representatives of the other states, all means of safeguarding the peace of the World.'

The European situation had, in fact, been growing more tense since the British Prime Minister had taken his decision to go to Geneva. French opinion was much disturbed at the German Government's decree of the 24th February authorizing the enrolment as auxiliary police of members of the Nazi Sturm Abteilungen ('S.A.') and of the *Stahlhelm*.<sup>3</sup> By the 3rd March the enrolment of auxiliary police was in full swing, and a few days later the worst fears of Germany's neighbours appeared to be on the way to realization, for on the 9th March a detachment of Nazis occupied the disused barracks at Kehl, in the demilitarized zone on the right bank of the Rhine. Both these developments were considered in France as

<sup>1</sup> Towards the end of February, President-elect Roosevelt had asked Mr. Norman Davis to continue to act as the leader of the American delegation and to carry on the policy which had been pursued at the earlier session of the Conference. In the first week of March, however, Mr. Davis was still in the United States and had not yet received his final instructions from the new President, and Mr. Gibson, who was leading the American delegation in Mr. Davis's absence, had not taken a prominent part in the discussions.

<sup>2</sup> This decision could be justified on internal grounds, since the new Government was busily engaged in the task of consolidation (see pp. 143 *seqq.* above).

<sup>3</sup> See p. 145 above.

breaches of treaty obligations—the enrolment of auxiliary police as an infringement of an agreement, laying down the size and character of the German police force, which had been reached between the Allied Powers at the Boulogne Conference in June 1920 and accepted by Germany at the Spa Conference in the following month,<sup>1</sup> and the incident at Kehl as an infringement of Article 43 of the Peace Treaty (which prohibited ‘the maintenance and the assembly of armed forces, either permanently or temporarily, and military manœuvres of any kind,’ in the demilitarized zone).<sup>2</sup> The uneasiness of Germany’s eastern neighbours was illustrated at the same time by the action of the Polish Government in notifying the League’s High Commissioner at Danzig on the 6th March that they had decided to reinforce the Polish guard stationed at the munitions depot on the Westerplatte,<sup>3</sup> in view of the danger of an attack on the depot.

This increase in the tension in Europe was reflected in the atmosphere at Geneva when Mr. MacDonald and Sir John Simon arrived there on the 11th March. Two days earlier the General Commission, having completed its discussion of effectives,<sup>4</sup> had begun to examine the question of land material, and the debate had at once brought the German and the French delegates into direct opposition. Herr Nadolny expressed the opinion that the problem of qualitative disarmament was ripe for decision, and must no longer be postponed pending the attainment of a greater degree of security. The time had come when the heavily armed states must reduce their armaments.<sup>5</sup> Monsieur Massigli was equally uncompromising. He declared that France could not agree to any reduction of her armaments unless the

<sup>1</sup> See the *Survey for 1920-3*, pp. 108-9.

<sup>2</sup> The Nazis were withdrawn from Kehl within thirty-six hours, and in reply to representations from the French Ambassador on the 14th March Freiherr von Neurath explained that the Government did not consider either the Kehl incident or the enrolment of auxiliary police as a breach of treaty obligations because neither the S.A. nor the police could be regarded as an armed force. The French Ambassador had already, some three weeks earlier, drawn the attention of the German Government to the bad effect on French opinion of Nazi demonstrations on the bridges at Kehl and Hüningen.

<sup>3</sup> For the question of the Westerplatte munitions depot, see the *Survey for 1925*, vol. ii, pp. 242-3, and the *Survey for 1932*, pp. 375 and 377. See also the present volume, p. 187 above.

<sup>4</sup> See pp. 238-41 above.

<sup>5</sup> This thesis was elaborated in greater detail by Herr Nadolny in an article which was published on the 11th March in *Völkербund*, the organ of the German League of Nations Society. A week earlier the same journal had contained an article by Freiherr von Neurath which also laid stress on the fact that Germany’s patience was exhausted. The German Foreign Minister complained that the General Commission had devoted too much time to discussing the French plan—which was a plan for security rather than disarmament—and declared that it was the security of Germany, not that of France, which was threatened by the existing situation.

Conference accepted the French proposals for a Continental pact of mutual assistance and for the standardization of Continental land forces. Since the German delegation had already refused to accept the principle of standardizing armies,<sup>1</sup> an impasse appeared to have been reached, and although the General Commission adopted its usual method of evading an immediate decision by appointing a sub-committee to go into the question of the abolition and limitation of material, it was difficult to see how a solution could be found so long as both France and Germany stood their ground. In any case, the political problem of the widening gulf between France and Germany, which was raising again, in an acute form, the danger of the division of Europe into two armed camps, could clearly not be disposed of by the method of discussion in a committee or sub-committee of the Disarmament Conference; yet in default of some prospect of a better understanding between France and Germany the Conference seemed doomed to an early death.

While Herr Nadolny continued to act as the principal representative of the German Government, the French delegation was again strengthened by the presence of the Foreign Minister. Monsieur Paul-Boncour returned to Geneva with the British Ministers on the 11th March, and during the next few days a series of interviews was arranged in which the whole position was thoroughly explored. The upshot of these conversations was the decision that Mr. MacDonald should make an attempt to revive the Conference by presenting a new and comprehensive plan to the General Commission on the 16th March. On the 15th March it was announced that Monsieur Daladier was leaving for Geneva in order that he might continue his conversations with the British Ministers, and might also attend the meeting of the General Commission at which Mr. MacDonald would explain his proposals. It was announced at the same time that Mr. MacDonald and Sir John Simon had received an invitation from Signor Mussolini to visit him in Rome, and that they would leave Geneva for Italy on the 17th March.<sup>2</sup>

### (c) THE BRITISH DRAFT CONVENTION (MARCH TO JUNE, 1933)

On the 16th March Mr. MacDonald made his attempt to give the Disarmament Conference a new lease of life by submitting to the General Commission a new and complete scheme for the reduction and limitation of armaments. In his speech Mr. MacDonald explained

<sup>1</sup> See p. 239 above.

<sup>2</sup> This visit of the British Ministers to Rome and its outcome (the Four-Power Pact) are dealt with in section (ii) of this part of the present volume.

that the British Government had decided to produce a comprehensive scheme because they were convinced that the 'departmental or compartmental' method of dealing with the problems of disarmament had 'yielded its maximum usefulness', and that the time had come 'to face the facts'. He made it clear that he did not underestimate the seriousness of the existing situation in Europe, and while he quoted a remark recently made by Freiherr von Neurath: 'either Germany is given justice and freedom or Europe will risk destruction,' he also took the opportunity to point out that the disarmed as well as the armed nations had a contribution to make if the difficulties confronting the Conference were to be solved. 'The armed nations must be prepared to make their contribution in disarmament. The disarmed nations must be prepared to make their contribution in helping to establish confidence, goodwill, security, mutual understanding and international belief in each other.' Mr. MacDonald said that when he arrived at Geneva he was 'met with the proposal' that, in view of the changes which had taken place in the international situation, 'the only thing that this Conference could do was to adjourn for a period. The idea was that the sky is too cloudy for anything to be done: wait until the clouds have passed away. . . . The clouds will not pass away unless you and I create the atmosphere in which they cannot exist. . . . Therefore, an adjournment pure and simple would be the most heartbreaking confession of failure that this Conference could indulge in.' Mr. MacDonald gave only a broad outline of the British Government's proposals, but he warned his hearers frankly that the plan would not satisfy any of them. The British delegation expected criticism, but they asked their colleagues to 'try and work' the plan, or at least to 'consider how it can be worked, in the spirit in which it was drafted'. Mr. MacDonald ended his long speech on the note which had already been struck by Mr. Eden at a meeting of the bureau in February<sup>1</sup>—the note of alternative risks. If the delegations to the Disarmament Conference were to return to their respective countries without having signed a Disarmament Convention, they would 'not be facing a risk', they would 'be facing a certainty. Risk is the alternative to certainty. If there is a failure, the stream of events will drive with increasing swiftness to catastrophe. . . . Failure—that means no signature, no agreement. Failure means the choice of a certainty, unexpressed and hidden, in place of the risk expressed in documents. Failure would let loose the passion that makes for war.'

The draft convention submitted by the British delegation consisted

<sup>1</sup> See p. 236 above.

of five parts.<sup>1</sup> Part I, relating to security, was based on the existence of the Kellogg-Briand Pact. It provided that in the event of any breach, or threatened breach, of that pact, a conference should be held between the parties to the convention, at the request of any five of them (including one of the Great Powers). The conference might be summoned through the machinery of the League of Nations. If a breach of the pact was threatened, it would be the object of the conference to agree upon the steps which could be taken, and if a breach was found to have occurred the conference would determine which party to the dispute was to be held responsible. Any conclusions reached by the conference must be concurred in by the representatives of all the Great Powers and by a majority of the other participating Governments.

Part II dealt with effectives and with land, naval, and air material. In regard to effectives, the result of the proposals would be to reduce the whole of the land forces of Continental Europe, excluding forces stationed overseas, to a militia basis by fixing eight months as the maximum period of service. (Provision was made, however, for an extension of the period to twelve months in certain cases to be decided by the Conference.) In calculating effectives, account would be taken of police forces or other formations possessing certain specific characteristics, doubtful cases being referred to the Permanent Disarmament Commission for decision. The table on the next page shows the suggested figures of average daily effectives which were not to be exceeded in the land armed forces<sup>2</sup> of Continental European countries.

In regard to land material, a maximum calibre of 105 mm. (4·5 inch) was proposed for mobile land guns in future, though those states which already possessed them would be allowed to retain existing guns up to 155 mm. (6·1 inch) in calibre without limits of time or of numbers. The maximum calibre of coast-defence guns would be 406 mm. (16 inch)—the size of the largest naval gun. The maximum limit for the weight of tanks would be 16 tons.<sup>3</sup> All prohibited

<sup>1</sup> The text of the convention was published as Document *Conf. D. 157*.

<sup>2</sup> Similar tables for effectives in naval and air forces were not included in the draft, and it was pointed out in notes that the figures for these forces would have to be related to the naval and air material allowed to each contracting party. The table for land forces would also, of course, need to be completed by the addition of figures in respect of non-European countries.

<sup>3</sup> It was subsequently explained that an unladen weight of 16 tons was meant. This was equivalent to a laden weight of about 20 tons—the figure which had been put forward in the British proposals of July 1932 (see the *Survey for 1932*, pp. 244–5). The question of limiting numbers of tanks was not dealt with in the MacDonald plan, but the British Government, which had opposed limitation hitherto, let it be known at a later stage that they were now prepared to waive their objections.

<i>Party.</i>	<i>Land Armed Forces</i>	
	<i>Stationed in Home Country.</i>	<i>Total including Overseas.</i>
Germany . . . . .	200,000	200,000
Belgium . . . . .	60,000	75,000
Bulgaria . . . . .	60,000	60,000
Spain . . . . .	120,000	170,000
France . . . . .	200,000	400,000
Greece . . . . .	60,000	60,000
Hungary . . . . .	60,000	60,000
Italy . . . . .	200,000	250,000
Netherlands . . . . .	25,000	75,000
Poland . . . . .	200,000	200,000
Portugal . . . . .	50,000	60,000
Rumania . . . . .	150,000	150,000
Czechoslovakia . . . . .	100,000	100,000
Union of Soviet Socialist Republics . . . . .	500,000	500,000
Jugoslavia . . . . .	100,000	100,000
Each other Continental European state . . . . .	no separate figure	50,000

material would be destroyed within three years of the coming into force of the convention. The object of the chapter relating to naval material was to extend the provisions of the Treaty of London to France and Italy and to stabilize the situation, on the basis of the Washington and London Treaties, until 1935, when a conference of all contracting parties possessing naval armaments would meet concurrently with the conference of the principal Naval Powers for which provision had been made in the London Treaty.<sup>1</sup> The truce in the building of capital ships which was binding on the signatories of the London Treaty until the 31st December, 1936,<sup>2</sup> was to be extended to all states, with the reservation that Italy might lay down one ship not exceeding 26,500 tons. There would be no construction of cruisers carrying 8-inch guns, except as provided for in the London Treaty,<sup>3</sup> and all other construction would be purely for replacement and would conform to the limitations already in force. Any proposals for further naval limitations which had already been placed before the Conference would be examined by the Permanent Disarmament Commission with a view to their consideration by the Naval Conference which was to meet in 1935.

The chapter on air armaments prohibited bombing from the air ('except for police purposes in certain outlying regions'), and pro-

<sup>1</sup> See the *Survey for 1930*, p. 69.

<sup>2</sup> See *op. cit.*, pp. 65 and 68.

<sup>3</sup> See the *Survey for 1930*, p. 69.

vided that the Permanent Disarmament Commission should 'immediately devote itself to working out the best possible schemes' either for the 'complete abolition of military and naval aircraft, which must be dependent on the effective supervision of civil aviation to prevent its misuse for military purposes'; or, failing agreement on a method of effective supervision, for the 'determination of the minimum number of machines required by each High Contracting Party consistent with his national safety and obligations, and having regard to the particular circumstances of each country'. In order to facilitate the attainment by the Permanent Disarmament Commission of the above-mentioned objects, it was provided that the numbers of aeroplanes capable of use in war possessed by signatory states should be reduced within the period of the convention in accordance with the following table:<sup>1</sup>

Belgium . . . . .	150	Norway . . . . .	75
United Kingdom . . . . .	500	Poland . . . . .	200
China . . . . .	100	Portugal . . . . .	25
Czechoslovakia . . . . .	200	Rumania . . . . .	150
Denmark . . . . .	50	Siam . . . . .	75
Estonia . . . . .	50	Spain . . . . .	200
Finland . . . . .	25	Sweden . . . . .	75
France . . . . .	500	Switzerland . . . . .	75
Greece . . . . .	75	Turkey . . . . .	100
Italy . . . . .	500	Union of Soviet Socialist Re-	
Japan . . . . .	500	publics . . . . .	500
Latvia . . . . .	50	United States . . . . .	500
Lithuania . . . . .	50	Jugoslavia . . . . .	200
Netherlands . . . . .	150		

Each state mentioned in the table might, however, keep in reserve a number of aeroplanes not exceeding 25 per cent. of the number in commission. For states which did not possess aeroplanes capable of use in war, the *status quo* existing on the 1st January, 1933, was to be maintained during the period of the convention. No naval or military aircraft, excluding troop carriers and flying boats, was to exceed three tons in unladen weight. No dirigibles were to be built or acquired during the period of the convention, though countries already possessing dirigibles might retain them. Aeroplanes exceeding the quantitative and qualitative limitations imposed were to be disposed of, one-half by the 30th June, 1936, and the other half before the expiry of the convention. Proposals for regulating civil aviation, which were to apply during the period of the convention, were set out in an annex.<sup>2</sup>

<sup>1</sup> It was pointed out that figures would have to be inserted subsequently for other signatory states possessing military or naval aeroplanes.

<sup>2</sup> The annex provided that signatory states should not permit the con-



Part IV<sup>1</sup> dealt with chemical, incendiary, and bacteriological warfare, which was prohibited in accordance with the proposals that had already been accepted by the Conference. Preparation for such warfare in time of peace was also prohibited, and regulations were proposed which were designed to prevent the manufacture, import or export of substances suited to chemical warfare except under Government authorization and in quantities 'necessary for protective experiments, therapeutic research and laboratory work'. The instruction of armed forces in the use of chemical weapons was also to be prohibited, but the signatories were to retain their freedom to take measures, with regard to material and installations and with regard to training, which were 'intended exclusively to ensure individual or collective protection against the effects' of chemical weapons. Provision was also made for the examination by the Permanent Disarmament Commission of complaints regarding preparation for chemical warfare, and for the steps to be taken by the Commission to establish the fact of the use of such weapons, but the nature of the action to be taken in cases where a breach of the provisions was proved was not specified.

Part V of the convention contained clauses relating to the composition, functions and operations of the Permanent Disarmament Commission and miscellaneous provisions. The Permanent Disarmament Commission was to be empowered to conduct investigations in the territory of any contracting party which was suspected of any infractions of the convention, either at the request of the Government of the suspected state, or at the request of one or more of the other contracting parties. In the latter case the scope of the investigation would be determined by a two-thirds majority of all

struction or use of civil aeroplanes which might be used for war purposes or which were designed to facilitate the installation of military fittings; that they should furnish the League of Nations with regular information concerning civil aircraft and should permit inspection of such aircraft at all reasonable times by qualified representatives of the League—the object being to establish, under the direction of the League, a complete international register of civil aircraft; that they should not require civil aviation enterprises to employ personnel specially trained for military purposes, nor prescribe the training of civil aviation personnel in military duties; that they should not establish civil air lines intended for use for military purposes; that they should not subsidize, either directly or indirectly, air lines other than those intended for economic, administrative and social purposes, and that they should communicate the amount and conditions of all subsidies to the League of Nations, which would publish the information supplied.

<sup>1</sup> Part III, which was headed 'Exchange of Information', consisted of a note to the effect that the provisions would 'depend in the main on the limitation and restrictions imposed by the other parts of the convention', so that it seemed unnecessary to draft them until a later stage.

the members of the Commission, whether present at the meeting or not. (In general, the Commission's decisions would be taken by a majority of the members present.) The Commission would also be entitled to conduct periodic investigations in regard to states which had made a special agreement to that effect. The convention was to remain in force for five years (except for the naval provisions, which would remain in force until the 31st December, 1936, and the rules forbidding the use of chemical methods of warfare, which were to remain in force indefinitely). Before the expiry of the convention, a second Disarmament Conference would be held to conclude a new convention, and it would be one of the duties of the Permanent Disarmament Commission to prepare for this conference. The convention, together with the conventions to be concluded subsequently, would replace the disarmament chapters of the Peace Treaties.

The outstanding features of the British draft convention were the proposals, in Part I, for consultation in the event of a breach or threatened breach of the Kellogg Pact, and the inclusion, in Part II, of definite figures relating to the effectives and the aeroplanes of European states. It was the first time since the discussion of disarmament had begun under the auspices of the League of Nations that proposals had been submitted in this concrete form, and although it was improbable, as Mr. MacDonald himself pointed out, that any state would be prepared to accept the limitations proposed without further bargaining, the suggested figures did provide the Conference with a firmer basis for discussion than it had possessed hitherto. In other respects, the plan contained little that was new, and indeed its purpose was to incorporate as many as possible of the proposals which had already won more or less general acceptance. It was noteworthy that the plan was not intended to be anything but transitional; it was based on the idea that the reduction of armaments must be carried out by stages, and its provisions were applicable only to the first stage, which would not in any case last for more than five years.

On the conclusion of Mr. MacDonald's speech, appreciation of the British Government's initiative was expressed by Monsieur Daladier, Herr Nadolny, Mr. Gibson, and General Cavallero, the Italian representative, but the general discussion of the plan was postponed for a few days, since the proposals had not been circulated beforehand, and the various delegations needed leisure to study them before they could make their views known. In the interval which elapsed between the presentation of the plan and its discussion by the General Commission, the attitude of the principal European countries

towards the proposals became fairly clear. French opinion was pleased at the incorporation in the plan of the suggestion for the standardization of European military forces on a militia basis and of other points taken from the French proposals; but the provisions for the exercise of control by the Permanent Disarmament Commission were criticized as inadequate, and uneasiness was also felt in regard to the position in which Germany would be placed if the convention were adopted. The proposals would double the size of the German army at one stroke; and, since the convention was to supersede the disarmament provisions of the Peace Treaties, it was feared that Germany might be free to acquire unlimited quantities of the armaments—such as land guns up to 105 mm.—for which no quantitative limitation was mentioned. The proposed cancellation of the Disarmament Chapter of the Versailles Treaty was naturally welcomed in Germany, and although certain portions of the draft convention—especially that relating to air armaments<sup>1</sup>—were criticized, German comment was not unfavourable on the whole. In Italy, attention was mainly concentrated during the third week of March on the visit of Mr. MacDonald and Sir John Simon and on the outcome of their discussions with Signor Mussolini,<sup>2</sup> but the Government were understood to be favourably disposed towards the British plan. In the Little Entente states, the provisions of Part I of the draft convention were resented on the ground that they gave undue preponderance to the Great Powers—a point on which the smaller European states were particularly sensitive at the moment as a result of the reports that were in circulation regarding the nature of the conversations in Rome.

In view of the negotiations which were initiated as a sequel to the visit of the British Ministers to Rome, it was thought desirable in some quarters to postpone the discussion of the British draft convention by the General Commission until after the Easter vacation, but a suggestion to this effect met with strong opposition from the delegations of some of the smaller Powers, who saw in it yet another move in the direction of the establishment of a dictatorship by the Great Powers. Mr. Henderson consulted the General Commission on the 23rd March regarding the desirability of an immediate adjournment, and, since the views of the majority were clearly against adjournment, it was decided to adhere to the original programme and begin the examination of the British plan without further delay.

<sup>1</sup> During the period of the convention Germany would still be in a position of inferiority in the air, since she had no military or naval air force and the acquisition of aeroplanes capable of use in war by states which did not possess them was expressly forbidden.

<sup>2</sup> See section (ii) of this part of the present volume.

The debate on the draft convention lasted from the 24th to the 27th March, and its result was to show a general readiness on the part of the delegates to accept the draft as a suitable basis of work for the decisive stage of the Conference. The plan did not escape criticism, however, on account of its omissions as well as of its contents. Several speakers commented with disapproval on the proposed retention of bombing from the air in outlying regions, and the naval provisions were also felt to be open to objection, while the proposals for implementing the Kellogg Pact were criticized on the ground that they ignored the machinery of the League of Nations. A number of delegates indicated that they would propose amendments of certain details of the plan at a later stage, and it was clear that suggestions for modifications were to be expected especially in regard to the allocations of effectives<sup>1</sup> and of aeroplanes. As for omissions from the draft, several speakers regretted the absence of provisions for budgetary limitation and for control of the manufacture of, and trade in, arms; but Sir John Simon explained, in the speech in which he wound up the debate on the 27th March, that these omissions were to be accounted for by the fact that the committees of the Conference which were dealing with the problems in question had not yet completed their work.

Almost the only delegate who gave unqualified adherence to the British plan was Signor di Soragna (Italy), who expressed the opinion that it simplified and co-ordinated the various proposals which had been laid before the Conference and gave them a reality which had never before been achieved. The future attitude of the Italian Government towards the plan, he said, would be determined by the nature of the amendments which were submitted by other delegations. The American delegate did not join in the discussion, while the Japanese representative merely stated that the plan was receiving careful consideration.<sup>2</sup> Monsieur Dovgalevsky, for the U.S.S.R., was among the critics of the air and naval proposals, and he regretted that the figures which had been inserted into the draft applied only to European states, but he did not oppose the convention as a whole. As for

<sup>1</sup> The Turkish delegate expressed surprise that Turkey was not included in the list of European states the numbers of whose effectives were provisionally fixed in the draft. This omission caused some resentment in Turkey, where it was considered as an indication that the British Government regarded Turkey as an Asiatic state not primarily concerned in European problems. The misunderstanding was cleared up by the British representative in Turkey.

<sup>2</sup> Immediately after the British proposals had been presented to the General Commission, the Japanese military authorities had made it plain that, in their view, the plan was certain to founder in Europe, so that the question of its applicability to Japan need not be considered.

France and Germany, neither of them rejected the draft outright, but the speeches of their respective representatives illustrated once again the fundamental difference between their points of view. Monsieur Massigli emphasized the relation between security and disarmament, declared that the reduction and abolition of armaments must be governed by the situation which was likely to arise after the expiry of the first convention, and insisted that there must be no German re-armament. Herr Nadolny accepted the provisions in the draft convention for the implementation of the Kellogg Pact, but only on the understanding that they would make it possible for other states to disarm. He pointed out that the draft appeared to recognize the justice of Germany's claim to equality of rights, and he said that the German Government would accept the principle of a transitional period, but he indicated that they considered that certain modifications in the draft would be necessary in order to satisfy Germany's dignity and her need for security. In concluding the debate, Sir John Simon remarked that not one of the thirty-four speakers who had preceded him had signified disapproval of the new procedure which Mr. MacDonald had advocated—that of abandoning 'compartmental' methods and looking at the problem steadily and as a whole. He pointed out that the principal object of the draft was to find a middle course between conflicting extremes, and he emphasized once more the point which had been made by Mr. MacDonald: that Germany was being asked to make a contribution towards the re-establishment of confidence. In regard to the security proposals, he explained that the British delegation could not put forward any proposal which they themselves would be unable to sign, but they would be happy if other delegations could reach agreement among themselves, independently of Great Britain. At the end of the debate, the General Commission decided that the British draft should form the basis of its future discussions—various delegations reserving the right to propose modifications and additions—and that when the Commission reassembled after Easter it should proceed to examine the draft article by article. The Commission then adjourned for the Easter holiday, which was to last until the 25th April.<sup>1</sup>

<sup>1</sup> The Effectives Committee, which had been considering the question of pre-military instruction in the middle of March (see p. 241 above), also decided on the 29th March to adjourn until after Easter. The majority of the members of the committee were in favour of continuing their work and proceeding at once to examine the next item on their programme (the problem of armed police); but Germany and Italy refused to take any part in the proceedings while the General Commission was in recess, and the committee found itself obliged to agree to adjournment, on the pretext that its discussions ought to

The period of four weeks during which the General Commission of the Disarmament Conference was in recess was occupied by negotiations regarding the Four-Power Pact<sup>1</sup>—negotiations which gave rise to considerable uneasiness on the part of the smaller European states which had profited from the Peace Treaties and which feared that questions implying a revision of those Treaties were going to be settled over their heads. It was also marked by an increase in the hostility felt by other countries towards the new régime in Germany as a result of the Nazis' anti-Jewish measures. A change of attitude towards Germany on this account was particularly noticeable in Great Britain, where it was reflected both in the columns of the press and in questions and debates in the House of Commons.<sup>2</sup> As a result of these developments, the atmosphere at Geneva when the General Commission reassembled on the 25th April was again decidedly unfavourable to progress.

A number of amendments to Part I of the British draft convention had been submitted since the adjournment of the General Commission, but the discussion of the security proposals in the new session had hardly begun when the proceedings met with an unexpected check. The American delegation was now headed by Mr. Norman Davis, who had left the United States in the third week of March with a commission to act as Mr. Roosevelt's Ambassador-at-large in Europe, and who had since visited London, Paris, and Berlin and had conversations with leading members of the Government in all three capitals. It had been hoped that Mr. Davis would be able to take an early opportunity at Geneva of outlining the policy of the new Administration at Washington, especially in regard to the question of American contributions towards security. On the 26th April, however, Mr. Davis told the General Commission that the United States Government were still studying the question of consultation for the preservation of peace, and that he could not at present commit himself to a decision on Part I of the British draft convention, though he hoped at a later stage to be able to indicate the manner in which the United States could associate itself with the efforts to organize machinery for preserving peace. In view of this statement, other

be based in future on the new British proposals. A similar line was taken by the German and Italian representatives on the Committee for the Regulation of the Trade in, and the Private and State Manufacture of, Arms and Implements of War, which was also in session during March and which decided on the 29th to adjourn until the General Commission resumed work. (For the work of this committee in the previous year, see the *Survey for 1932*, pp. 251, 295, 297-8 n.)

<sup>1</sup> See the present volume, section (ii) of this part.      <sup>2</sup> See pp. 163 *seqq.* above.

delegates were naturally reluctant to express a final opinion on the security provisions, and the Bureau of the Conference decided that the General Commission should postpone its consideration of Part I of the draft convention and pass on to Part II (effectives and material). This programme brought the Commission at once face to face with the same difficulties that it had encountered in February and March.

On the 28th April the German delegation submitted amendments to Part II of the draft convention, the result of which would be to include trained reserves among effectives, and to limit the numbers of overseas forces stationed near the home country.<sup>1</sup> In addition, the German delegation proposed that the whole question of the standardization of Continental military forces should be referred to the Permanent Disarmament Commission. This would mean that provisions for standardization could not be incorporated in this first convention and no final decision on the question could be taken until the second Disarmament Conference was held in four or five years' time. In supporting the German amendments Herr Nadolny said that the question of German equality of rights in armaments must be settled in such a way as to guarantee the security of the Reich, and that Germany must therefore be authorized to possess any classes of armaments which other states considered necessary for their own defence. Provision must also be made for placing Germany in the same legal position as other states after the expiry of the first Disarmament Convention. This statement was interpreted as a claim to the immediate acquisition by Germany of types or samples of all the weapons retained by other states—a measure which would obviously make it much easier for Germany to rearm rapidly up to the strength of France at some future date. In reply to Herr Nadolny, Monsieur Massigli pointed out that the German amendments destroyed the basis of the British plan, and he could only hope that they did not represent the last word of the German delegation. He insisted that there must be progressive reduction of armaments without any rearmament, and he expounded once more the French point of view regarding the declaration of the 11th December, 1932—namely that the grant of equality of rights to Germany depended upon the establishment of a system of security. Mr. Eden also thought that the German proposals would render it very difficult to continue the discussions if they were maintained in their present

<sup>1</sup> Since Germany had neither trained reserves nor overseas forces this proposal would have left the total of her effectives untouched, whereas it would have greatly reduced the number of effectives allowed to France.

form. It was significant that no other delegate supported Herr Nadolny's amendments.

Private conversations during the next few days revealed no inclination on Herr Nadolny's part to withdraw or modify his proposals, and when the General Commission met again on the 1st May it was decided, after a desultory discussion, that all amendments to the chapter dealing with effectives should be postponed until the second reading of the convention. Certain non-controversial articles of the effectives chapter were adopted, but when the table of average daily effectives came up for consideration it was agreed, on Monsieur Massigli's suggestion, that that also should be postponed until the questions raised by the German amendments had been settled.

In the meantime the Effectives Committee, which had also re-assembled on the 25th April and which had been invited by the General Commission to continue its work as rapidly as possible, had been discussing the question of German police. The German delegate still took the line that the Schutzpolizei ought not to be counted as effectives, but a member of the French delegation produced detailed evidence in support of the view that the German police possessed military characteristics, and his statements were corroborated by the Belgian and Polish representatives. On the 1st May the committee took a series of decisions, by majority votes, which would result in the inclusion among German effectives of about 38,000 members of the Schutzpolizei. On the other hand, the committee decided by seven votes to six not to classify the new German auxiliary police<sup>1</sup> as effectives. The British and American delegates voted in the majority on this occasion, but it was subsequently explained that the British attitude on this point was determined by the fact that no decision had yet been taken as to the military character of the Nazi storm-troops, from whom the auxiliary police were drawn. The question of police was also discussed by the General Commission on the 3rd May, and a compromise proposal was provisionally adopted which would allow each country to retain a certain quota of militarized police (the quota was to be fixed in proportion to the strength of the country's effectives) in addition to its regular armed force; but any militarized police in excess of the quota would count as effectives. This proposal was accepted by Monsieur Massigli on the understanding that it would be open to reconsideration during the second reading of the draft convention.

During the first week of May there was much discussion regarding the next step which was to be taken at Geneva. The German

<sup>1</sup> See p. 249 above.



delegation showed no sign of yielding on the question of standardization of Continental forces, and Herr Nadolny also refused to withdraw his amendments regarding reservists and overseas forces. The Germans wished to continue the first reading examination of the draft convention and to pass on to the question of material, but a number of other delegations, including the French, held that the second reading of the effectives chapter should be taken without delay and decisions reached on the controversial points. If this procedure were to be adopted, however, and the German amendments were to be rejected, it was to be feared that the German delegation would withdraw from the Conference, and there was therefore some support for the idea that it would be better for the Conference to adjourn for some months without risking a breach with Germany. On the 8th May the question of procedure was discussed by the Bureau of the Conference, but no agreement was reached. Mr. Eden (who had returned to London on the 4th May in order to give the British Government first-hand information regarding the critical situation of the Conference) was in favour of coming to immediate decisions on the effectives chapter, and he was strongly supported by Monsieur Massigli. Mr. Wilson (a member of the United States delegation who had been taking an active part in the informal conversations that had been going on) suggested that Herr Nadolny might withdraw his amendments and make a general reservation on the effectives chapter, but Herr Nadolny refused to consider this possibility. The Bureau finally decided, as the only course open to it, to recommend further private conversations (in spite of the dislike of such conversations which was consistently manifested by the smaller Powers), in the hope that the German delegation might at least be persuaded by this means to abandon their purely negative standpoint and produce counter-proposals.

The prospects of a satisfactory outcome of these informal negotiations seemed slightly more hopeful as a result of a statement issued by the German Defence Minister, General von Blomberg, on the 8th May. While General von Blomberg declared that Germany could not accept any ultimatum from other Powers on such an important question as her system of defence, he implied that her refusal to consider the French proposal for standardization was not her last word on the subject. He pointed out that it was not possible to alter the defence system rapidly, and that a gradual shortening of the period of service was essential. The hope of a compromise which this statement appeared to offer was disappointed, however; and on the 11th May Mr. Eden, who had been conducting negotiations with

Herr Nadolny, informed the leaders of the French, Italian and United States delegations that the conversations had broken down and no solution had been found. The situation was further complicated, on the same day, by the wide publicity given to an article in the German press by Freiherr von Neurath, which was interpreted as a definite announcement of Germany's intention to re-arm. The German Foreign Minister referred to the German Government's preference for securing equality by means of a reduction of the armaments of other countries, but he declared that the realization of Germany's equality of rights through disarmament had broken down owing to the attitude of the highly armed states. There was no hope that military aircraft or big guns would be forbidden or abolished, and, that being so, Germany would have to provide herself with those weapons. The position in regard to effectives was similar. The impression which was produced by the publication of this article at this moment was illustrated by the comment of *Le Temps*, which declared that Freiherr von Neurath had sounded the death-knell of the Disarmament Conference.

Thereafter, events moved rapidly. On the 11th May Lord Hailsham, the British Minister for War, remarked in the course of a debate in the House of Lords that a refusal by Germany to take any further part in the Disarmament Conference would be tantamount to the rejection of the offers made to her, and the situation would demand the gravest consideration. In such circumstances he thought that Germany would remain bound by the Treaty of Versailles, and that any attempt to re-arm would be a breach of the Treaty and would bring into operation the sanctions for which it provided. Lord Hailsham made it clear that he was expressing his own personal opinion and not that of the Cabinet as a whole; but the fact that a British Cabinet Minister could refer openly to the possibility of applying sanctions to Germany was in itself a sufficient indication of the strength of the suspicion and hostility which the proceedings of Herr Hitler's Government were arousing.<sup>1</sup> On the 12th May, Monsieur Paul-Boncour issued a statement to the Press to the effect that if, owing to German intransigence, the Disarmament Conference did not produce a convention, the terms of the Treaty of Versailles would continue to be applied. In a speech in the Senate on the same day

<sup>1</sup> If the German Government were in any doubt as to the change of feeling towards Germany in Great Britain they must have been enlightened by the experiences of Herr Hitler's special emissary, Dr. Rosenberg, the head of the Foreign Affairs Department of the Nazi Party, who arrived in London in the second week of May and whose reception was anything but cordial (see p. 167 above).

Monsieur Paul-Boncour pointed out that the decision of the Effectives Committee regarding the inclusion among Germany's effectives of a considerable number of police and of members of semi-military formations<sup>1</sup> was equivalent to the recognition of a breach of the disarmament provisions of the Versailles Treaty. On the same day, at Geneva, the Bureau of the Disarmament Conference decided that, since the method of private conversations had produced no result, the problem must be handed back to the General Commission, and it was agreed that the Commission should resume its general discussion of the British draft convention on the 16th May, and that it should deal with both effectives and material.

The meeting of the General Commission was, however, postponed for a few days in consequence of the decision of the German Government to call a meeting of the Reichstag on the 17th May at which a statement of policy would be made by the Chancellor. This decision was taken on the 12th May, after the Cabinet had heard a report from Herr Nadolny, who had been summoned to Berlin for that purpose. Further discussion of general questions at Geneva would obviously be mere waste of time until Herr Hitler had made his declaration, and the interval was filled mainly by speculation as to what the nature of that declaration was likely to be. The prevailing gloom was heightened by a speech which was delivered by the Vice-Chancellor of the Reich, Herr von Papen, at Münster on the 13th May, for Herr von Papen chose this moment to deliver a panegyric on war, in which he referred to the traditional German aversion from dying in one's bed and appealed to German mothers to bear sons in order that they might die fighting for the Fatherland. It was hardly surprising that utterances such as this on the German side should have given rise to discussion of the desirability of a preventive war in certain organs of the French Press, though Monsieur Daladier and the members of his Government were careful to refrain from any public statement which might still further increase the tension. The only important move during this period in which the World was waiting for Herr Hitler to speak came from the United States.

Towards the end of April President Roosevelt had received visits from Mr. Ramsay MacDonald and from Monsieur Edouard Herriot. The principal subjects of discussion between Mr. Roosevelt and Mr.

<sup>1</sup> The Effectives Committee had discussed the question of pre-military training on the 10th and 11th May, and had decided by nine votes to two (Germany and Hungary) that the Nazi S.A. and the Stahlhelm were organizations of a military character. The question of Italian semi-military organizations was provisionally settled on the basis that the Fascist militia should be counted as equivalent to 30,000 effectives.

MacDonald were the forthcoming World Economic Conference and the problem of War Debts, and the primary object of Monsieur Herriot's mission was also to discuss the debt question;<sup>1</sup> but the situation in relation to disarmament and security naturally came up for consideration in both series of conversations. Mr. MacDonald, on his return, said that he had come to an understanding with President Roosevelt for co-operation in trying to bring the Disarmament Conference to a successful issue, while Monsieur Herriot's account of his conversations in Washington appeared to show that President Roosevelt shared French views in regard to the importance of international supervision and the necessity of avoiding any German re-armament, and that his attitude on the question of American neutrality in cases of aggression was also likely to be helpful. During the first fortnight of May also, Mr. Norman Davis was following the development of the situation in Europe at first hand, and was keeping in close touch with the Governments in London and in Paris as well as with the delegates at Geneva. The reports which Mr. Davis transmitted to Washington determined President Roosevelt to intervene<sup>2</sup> before Herr Hitler made his statement of policy on the 17th May.

On the 16th May, President Roosevelt addressed an appeal to the Sovereigns or Presidents of the other fifty-four nations which were represented at the Disarmament Conference at Geneva. In an explanatory message to the Congress of the United States, the President said that he was 'impelled to this action because it' had 'become increasingly evident that the assurance of world political and economic peace and stability' was 'threatened by selfish and short-sighted policies, actions and threats of actions'. Mr. Roosevelt referred to the 'two great world conferences' which had been called in the hope that peace might 'be assured through practical measures of disarmament' and that the 'common struggle against economic chaos' might be carried to victory. The World Economic Conference 'must establish order in place of the present chaos by the stabilization of currencies, the freeing of the flow of world trade and international action to raise price levels. It must supplement individual domestic programmes for economic recovery by wise, considered international action.' As for the Disarmament Conference, it had 'laboured for

<sup>1</sup> See the present volume, Part I, section (ii) (b), for an account of the Washington conversations from the economic aspect.

<sup>2</sup> It was stated in Washington that the President's message had been under consideration since January and that it was not in any sense an improvisation designed to meet a special emergency, but the moment of its despatch seems to have been decided on Mr. Davis's advice.

more than a year, and as yet' it had been 'unable to reach satisfactory conclusions'.

If we ask what are the reasons for armaments [the President's message continued] it becomes clear that they are two-fold—first a desire, disclosed or hidden, on the part of Governments to enlarge their territories at the expense of sister nations. I believe that only a small minority of Governments and peoples harbour such a purpose. Second—the fear of the nations that they will be invaded. I believe the overwhelming majority of the peoples feel obliged to retain excessive armaments because they fear some act of aggression against them, not because they themselves seek to be the aggressors. There is justification for this fear. Modern weapons of offence are vastly stronger than modern weapons of defence. Frontier forts, trenches, wire entanglements, coast defences—in a word, fixed fortifications—are no longer impregnable to the attack of war planes,<sup>1</sup> heavy mobile artillery, land battleships called tanks, and poison gas. If all nations agree wholly to eliminate from their possession and use weapons which make possible successful attack, defences automatically will become impregnable and the frontiers and independence of every nation will be secure. The ultimate object of the Disarmament Conference must be the complete elimination of all offensive weapons. The immediate objective is a substantial reduction of some of these weapons and the elimination of many others.

This Government believes that the programme for immediate reduction of aggressive weapons now under discussion at Geneva is but the first step towards the ultimate goal. We do not believe that the proposed immediate steps go far enough. Nevertheless, this Government welcomes the measures now proposed and will exert its influence towards the attainment of further successive steps of disarmament.

Stated in the clearest way, there are three steps to be agreed upon at the present discussions:

(1) To take at once the first definite step towards this objective as broadly outlined in the MacDonald Plan.

(2) To agree upon the time and procedure for taking the following steps.

(3) To agree while the first and following steps are being taken that no nation shall increase its existing armaments over and above the limitations of the treaty obligations.

But the peace of the World must be assured during the whole period of disarmament, and I therefore propose a fourth step, concurrent with and wholly dependent on the faithful fulfilment of these three proposals and subject to existing treaty rights:

That all nations of the World should enter into a solemn and definite pact of non-aggression, that they should solemnly reaffirm the obligations they have assumed to limit and reduce their armaments, and, provided that these obligations are faithfully executed by all the signatory

<sup>1</sup> The use of the term 'war planes' presumably indicated that the Roosevelt Administration was prepared at this time to agree to the total abolition of all naval and military aircraft and not only of bombing aircraft.

Powers, individually agree that they will send no armed force of whatsoever nature across their frontiers.

Common sense points out that if any strong nation refuses to join with genuine sincerity in these concerted efforts for political and economic peace, one in Geneva and the other in London, progress can be obstructed and ultimately blocked.

In such an event the Civilized World, seeking both forms of peace, will know where the responsibility for failure lies.

President Roosevelt's message reached Berlin in time for perusal while the final draft of Herr Hitler's declaration of policy was in preparation. Whether or not the draft was modified in the light of President Roosevelt's clear warning that Germany would be held responsible for a breakdown of the Disarmament Conference, the tone of the speech which Herr Hitler delivered before the Reichstag on the 17th May was reassuringly statesmanlike and even conciliatory.<sup>1</sup>

Herr Hitler claimed that Germany had disarmed in accordance with the terms of the Versailles Treaty. He denied that the Nazi S.A. and the Stahlhelm were military organizations, and declared that their purpose was to protect Germany against Communism. 'If attempts are now made at Geneva', he said, 'to include these organizations, which serve exclusively internal purposes, in military effectives, there would be an equally good reason for including the fire brigade, the athletic associations, the watch and ward companies, rowing clubs and sports associations and others in the military forces.' As for the auxiliary police, which had 'an exclusively political character', they were already being demobilized and would be completely dissolved before the end of the year.

Germany had no intention of using force in support of her claims and she did not 'wish to take any other path than that recognized as justified by the treaties themselves'. 'No new European war could improve the unsatisfactory conditions of the present day. On the contrary, the application of violence of any kind in Europe would have no favourable effect upon the political or economic position which exists to-day.'

On the question of guarantees of security, Herr Hitler asked what concrete safeguards France could desire in addition to those which she already possessed; and he suggested that Germany, which lacked aeroplanes and heavy guns, had, 'in her state of defencelessness and disarmament, greater justification in demanding security than the over-armed states bound together in military alliances'.

<sup>1</sup> The text of the speech will be found in *Documents on International Affairs, 1933*.

'Nevertheless,' he continued, 'Germany is at any time willing to undertake further obligations of international security if all the other nations are ready on their side to do the same and if this security is also to benefit Germany. Germany would also be ready to disband her entire military establishment and destroy the small amount of arms remaining to her if the neighbouring countries will do the same thing with equal thoroughness. But if these countries are not willing to carry out the disarmament measures to which they are also bound by the Treaty of Versailles, Germany must at least maintain her demand for equality.'

Herr Hitler declared that the German Government looked upon the British draft convention which was before the Disarmament Conference 'as a possible basis for the solution' of the disarmament question. But they 'must demand that the defence force existing in Germany shall not be abolished unless at least qualitative equality be conceded to Germany'. They must also 'demand that any change in Germany's present defence organization, which was not chosen by her but imposed on her from abroad' should 'follow step by step in the same degree as the actual disarmament of the other states'. Germany was ready to accept a five-year transitional period provided that at the end of that time she would really be on an equal footing with other states. She was also ready to renounce 'aggressive' weapons if other nations destroyed such weapons during the five-year period, and, on the same condition of equality, she would accept a general international control of armaments, and would agree to include in the scope of the control 'organizations which merely serve educational and sporting purposes . . . in order to prove beyond doubt to the whole World that they are of an entirely unmilitary character'. On the question of the French Colonial troops, however, Herr Hitler maintained the standpoint which had been taken by the German delegation at Geneva: that is, he insisted that they ought to be reckoned as a part of the French Army.

Herr Hitler referred to President Roosevelt's proposals, which were, he said, warmly welcomed by the German Government—particularly 'the possibility suggested . . . of bringing the United States into European relations as a guarantor of peace'. Towards the end of his speech the Chancellor struck a warning note.

The German Government and the German people will under no circumstances allow themselves to be forced to sign what would mean a perpetuation of the degradation of Germany. . . . The attempt has been made in newspaper articles and regrettable speeches to threaten Germany with sanctions, but such a monstrous step would only be our

punishment for having pressed for the carrying out of the Treaties by our demand for disarmament. Such a measure could only lead to the definite moral and effective invalidation of the Treaties. Germany, however, even in this case would never abandon her peaceful claims. The political and economic consequences, the chaos which such an attempt would bring upon Europe, would be the responsibility of those who used such means against a people which is doing the World no harm. Any such attempt, or any attempt to do violence to Germany by means of a simple majority vote contrary to the clear meaning of the Treaties, could only be dictated by the intention of excluding us from the conferences. The German people, however, to-day possesses sufficient character in such a case not to impose its co-operation on other nations, but, though with a heavy heart, to draw the only possible consequence. It would be difficult for us as a constantly defamed nation to continue to belong to the League of Nations.

Herr Hitler's statement, following upon President Roosevelt's message, did produce a certain relaxation of the tension in Europe, and the atmosphere was lighter than it had been for many weeks when the General Commission of the Disarmament Conference met again at Geneva on the 19th May. The German Chancellor's declaration was generally considered to be satisfactory so far as it went—all the more because it was recognized that, if Herr Hitler's protestations of peaceful intentions were sincere, he was in a far better position than any of his predecessors in office to carry out a policy of international co-operation, because he could count on the support of the extreme nationalist elements whose opposition had hampered the efforts of Dr. Stresemann and Dr. Brüning. At the same time, the terms of Herr Hitler's declaration were not felt to be sufficiently precise to make it certain that the obstacles to progress in the Disarmament Conference which had been presented by the German attitude would now be removed, and a further statement from Herr Nadolny was therefore awaited with anxiety. French opinion, in particular, was inclined to be sceptical as to the value and sincerity of Herr Hitler's conciliatory phrases. As for President Roosevelt's message, it was well received in most European countries,<sup>1</sup> and

<sup>1</sup> Formal replies to the message, accepting President Roosevelt's four points, were despatched on behalf of the heads of most of the fifty-four nations to which it was addressed during the week following the 17th May. In Italy, the message was favourably received, but it was thought to be addressed primarily to France and the Little Entente states, and the proposal that all the nations of the World should agree to 'send no armed force of whatsoever nature across their frontiers' was regarded as a warning that the United States would not countenance the application of sanctions to Germany. The U.S.S.R. had been included among the fifty-four states addressed by President Roosevelt (a step which gave rise to undisguised satisfaction in Moscow and which also provoked considerable comment in the United States, where it was considered in some quarters to foreshadow the formal recognition of the Soviet Government which



Monsieur Daladier announced on the 17th May that he gladly associated himself with 'the generous effort undertaken' by Mr. Roosevelt. Nevertheless, a certain amount of disappointment with the message was observable in France, and the absence of any promise of definite action by the United States against an aggressor was noticed with regret by other European countries as well as by France. As in the case of Germany, it was felt that judgement must be suspended until the declaration by the head of the American Government had been supplemented by a more detailed exposition of policy at Geneva.

The meeting of the General Commission on the 19th May began with the reading of President Roosevelt's message by Mr. Henderson, who said that he considered the message a contribution of the utmost importance to the work of the Conference. There followed the expected statement by Herr Nadolny, which was still somewhat lacking in precision, but was of a nature to allay apprehension. Herr Nadolny announced that the German Government now accepted the British draft convention 'not only, as hitherto, as a basis of discussion, but as a basis for the future convention itself'. So far as they had any modifications to propose, they would be 'in conformity with this new idea'. The German delegation subsequently made it known that this statement implied the modification or withdrawal of the German amendments which had already been presented, and the amendment which had proved the principal obstacle (that proposing to refer the question of standardization of Continental European forces to the Permanent Disarmament Commission) was in fact withdrawn almost immediately.<sup>1</sup> Herr Nadolny's declaration elicited cordial replies from both Mr. Eden and Monsieur Massigli—the latter interpreting the German delegate's statement to mean that the path was now free and that the Conference could proceed with its work.<sup>2</sup>

did in fact follow some six months later), and Monsieur Kalinin's reply was cordial in tone. In Japan the receipt of the message caused some embarrassment. It was formally acknowledged by the Emperor, but the reply of the Government was not sent for nearly three weeks. It merely stated that Japanese views on the different steps detailed in the President's message would, if necessary, be presented as occasion offered.

<sup>1</sup> Mr. Henderson announced its withdrawal at the meeting of the General Commission on the 22nd May.

<sup>2</sup> On the same day, a debate took place in the French Senate on an amendment to the Budget providing that the proposed cut of 5 per cent. in all administrative expenditure should not apply to the war budget. The amendment was carried by 272 votes to 70, after Monsieur Daladier had declared that it would be impossible to reduce the expenditure on military material until the nations of the World had discovered an effective system of simultaneous disarmament.

On the following day (the 20th May), the General Commission had a short preliminary discussion on the question of material, but no important developments took place until the 22nd May, when Mr. Norman Davis made his long awaited pronouncement. Mr. Davis was now in a position to explain the attitude of the new Administration at Washington on the principal problems which called for settlement at Geneva. On the question of the German claim to equality, Mr. Davis said:

It would neither have been just nor wise, nor was it intended, that the Central Powers should be subject for all time to a special treatment in armaments. There is and has been a corresponding duty on the part of the other Powers, parties to the Peace Treaties, that by successive stages they too would bring their armaments down to a level strictly determined by the needs of self-defence. While the United States is not bound by the provisions or the implications of those treaties,<sup>1</sup> I have no hesitancy in saying that it is the will of our people, interpreted by President Roosevelt, to join with the other Powers in disarming down to that level, and we are prepared to exert our influence to bring this about, not by theoretical statements of good intentions, but by decisive and progressive reduction of armaments through international agreement.

The contribution which the United States was prepared to make was described by Mr. Davis as follows:

As regards the level of armaments, we are prepared to go as far as the other states in the way of reduction. We feel that the ultimate objective should be to reduce armaments approximately to the level established by the Peace Treaties: that is, to bring armaments as soon as possible through successive stages down to the basis of a domestic police force.

In particular, as emphasized by President Roosevelt, we are prepared

<sup>1</sup> This phrase in Mr. Davis's speech was prompted, no doubt, by a desire to conciliate 'isolationist' opinion in the United States, but the statement was not in strict accordance with the facts. The United States was not, of course, bound by the *Traité* of Versailles as such, but in the separate German-American Peace Treaty of the 25th August, 1921—ratifications of which were exchanged on the 11th November, 1921—it was expressly stated that the United States should 'have and enjoy . . . the rights and advantages stipulated' in certain provisions of the Versailles Treaty, and the provisions specified included the whole of Part V (the disarmament chapter). Moreover, President Wilson was among the signatories of the note of the 16th June, 1919, from the Allied and Associated Powers to Germany in which the disarmament of Germany was declared to be the first step towards the general reduction and limitation of armaments. It may be noted that when Mr. Stimson, on the 6th January, 1932, addressed the Foreign Affairs Committee of the United States Senate on the subject of an appropriation to send delegates to the Disarmament Conference, he laid stress on the moral obligation which the United States had incurred by participating in the demand made to Germany that she should accept 'the drastic terms of disarmament that were imposed upon her by the Treaty'.

to join other nations in abolishing weapons of an aggressive character, which not only are the more costly to construct and maintain, but at present are those most likely to lead to a sudden breach of the peace. To cut the power of offence and remove the threat of surprise attack would do more than anything else to lessen the danger of a war. Almost a year ago the American Government submitted a proposal along these lines. This proposal, which received the approval of a large number of states, was not acceptable to certain states, and was therefore not adopted. A few weeks ago the British Prime Minister submitted a detailed proposal, which embodies many of the features of the American plan of last year. As the British proposal represents a real measure of disarmament, we accept it wholeheartedly as a definite and excellent step toward the ultimate objective. We, therefore, are prepared to give our full support to the adoption of this plan.

In addition I wish to make it clear that we are ready not only to do our part toward the substantive reduction of armaments, but, if this is effected by general international agreement, we are also prepared to contribute in other ways to the organization of peace. In particular we are willing to consult with other states in case of a threat to peace, with a view to averting conflict. Further than that, in the event that the states, in conference, determine that a state has been guilty of a breach of the peace in violation of its international obligations and take measures against the violator, then, if we concur in the judgment rendered as to the responsible and guilty party, we will refrain from any action tending to defeat such collective effort which these states may thus make to restore peace.

Finally, we believe that a system of adequate supervision should be formulated to ensure the effective and faithful carrying out of any measure of disarmament. We are prepared to assist in this formulation and to participate in this supervision. We are heartily in sympathy with the idea that means of effective, automatic and continuous supervision should be found, whereby nations will be able to rest assured that, as long as they respect their obligations with regard to armaments, the corresponding obligations of their neighbours will be carried out in the same scrupulous manner.

Mr. Davis referred to President Roosevelt's proposal that, 'subject to existing treaty rights, armed forces should not be sent across national frontiers', and he suggested that 'in the long run we may come to the conclusion that the simplest and most accurate definition of an aggressor is one whose armed forces are found on alien soil in violation of treaties'.

He thought that there had been

two main obstacles to disarmament. One was the apprehension that Germany proposed to rearm; the other the reluctance of the armed Powers of Europe, in the present state of the world, to take a real step in disarmament.

If at this decisive point any nation should fail to give conclusive evidence of its pacific intention and insist upon the right to rearm, even

though the other Powers take effective and substantial steps towards disarmament, then the burden of responsibility for the failure of the Disarmament Conference, with the incalculable consequences of such a failure, would rest on the shoulders of that nation. The problem with which we are faced cannot be solved if one nation insists on rearming while the others disarm. The result inevitably would be another race in armaments.

As regards the action of the other Powers, we are not unaware in the United States of the political difficulties which still lie in the way of the reduction of European armaments. We recognize the legitimate claim which any state has to safeguard its security. But we are firmly convinced that, in the long run, this security can best be achieved through a controlled disarmament, by which the military strength of the most heavily armed nations is progressively reduced to a level such as that provided for in the Peace Treaties. To the extent that armaments create political tension, they in themselves constitute a menace to peace, and may jeopardize the security of the very nations which maintain them.

If we take a long step in the direction of disarmament to-day, and agree by stages to achieve our ultimate objective, we can meet any legitimate claim of the Powers bound by the Peace Treaties, and at the same time effectively help to ensure peace.

This statement, in which Mr. Roosevelt's Ambassador-at-large defined and amplified the President's own declaration of policy, was a highly important landmark from the point of view of disarmament as well as of security. In regard to disarmament, the United States Government now showed themselves ready to take the German Government at their word and accept the solution of the problem of equality in armaments which Berlin was declared to prefer—to agree, that is, to the reduction of all armaments, within a limited period, approximately<sup>1</sup> to the level imposed on Germany by the Peace Treaty. In regard to security, Mr. Davis's statement finally removed the uncertainty which had still existed, even after the receipt of the message of the 16th May, in regard to the exact nature of the part which the American Government expected to play in strengthening European security. Mr. Davis was able not merely to proclaim the readiness of the United States to consult with other states in case of a threat to peace; he was also able to announce what amounted to a

<sup>1</sup> Mr. Davis's use of the word 'approximately' was apparently intended to cover the contingency that the German pocket-battleships might remain in commission (the German delegation had made a conditional offer to abandon them in 1932 [see the *Survey for 1932*, p. 227 n.]), in which case it was considered necessary that allowance should be made for battleships exceeding 10,000 tons (the limit imposed by the Treaty) in order to meet the special qualities of the pocket-battleship. With this reservation the American proposal could be interpreted as a definite offer to accept the Versailles Treaty limitations on armaments.

radical change in the traditional attitude of the United States towards the whole question of neutrality and the freedom of the seas. Mr. Roosevelt had definitely accepted the thesis, which his predecessor's Secretary of State, Mr. Stimson, had propounded nine months earlier,<sup>1</sup> that the Kellogg-Briand Pact for the Renunciation of War had made the conception of neutrality obsolete, and he proposed to implement Mr. Stimson's doctrine by giving an undertaking that the American Government would 'refrain from any action tending to defeat' any collective measures against an aggressor which might be decided on by the states in conference. It was true that this abandonment of neutral rights was to be conditional on the concurrence of the United States in the judgement rendered by the *ad hoc* conference, and it was also true that the last word on this question rested not with the President but with the Congress of the United States; but even with these reservations it was clear that this was the most definite step that had yet been taken in the direction of abandoning the policy of isolation which had been inaugurated when the Senate of the United States rejected the Versailles Treaty in 1920. If this American contribution did not quite fulfil all the hopes that had been raised in France by Monsieur Herriot's account of his conversations with Mr. Roosevelt, at least the French Government now knew what they could expect. The satisfaction which was naturally felt in France at the American Government's definite rejection of any idea of German rearmament and at their endorsement of French views in regard to the importance of control of armaments was somewhat tempered by the effect of other passages of Mr. Davis's speech. Mr. Davis indicated clearly that France was now expected to disarm and that if she displayed any further reluctance she would run the risk of incurring the blame for obstructiveness which had attached to Germany before Herr Hitler made his declaration. French apprehension on this score was not diminished by a belief that opinion in the United States—and perhaps also in Great Britain—was inclined to accept Herr Hitler's declaration at its face value and to overlook the obvious fact (as it seemed to France) that a single speech by the head of the German Government could not wipe out the impression which had been created by the whole trend of events in Germany since the end of January. As for Herr Nadolny's statement of the 19th May, it was welcomed in France as a sign that the German Government intended to abandon their obstructive tactics, but at the same time there was a suspicion that this change of tactics was only part of a deliberate move on Germany's part to put France

<sup>1</sup> See the *Survey for 1932*, pp. 272-3.

in the wrong. The French delegation therefore felt that it was more than ever necessary for them to exercise caution at Geneva.

The meeting of the General Commission on the 22nd May at which Mr. Davis made his speech was attended by the Foreign Ministers of Great Britain and of France. Sir John Simon expressed warm appreciation of Mr. Davis's statement, but it was noticeable that he made no direct response to the lead given by the United States in the direction of 'levelling down' armaments; nor did he allude specifically to the abandonment of the traditional American attitude regarding neutrality—one of the effects of which, of course, would be to make it impossible for the British Government to plead in future that American views regarding the freedom of the seas might make it difficult for them to carry out their obligations under Article 16 of the Covenant and other commitments designed to strengthen security. Sir John Simon's principal suggestion was that, now that the British plan had been accepted by the German delegation as the basis of the future convention, the General Commission ought to take definite decisions on the draft, article by article. Appreciation of Mr. Davis's statement was also expressed by Baron Aloisi (Italy)<sup>1</sup> and by Monsieur Paul-Boncour. The French Foreign Minister also supported Sir John Simon's suggestion that the time had come to take decisions on the draft convention, and he pointed out that, since the United States had now indicated what it could do in the matter of security, there was nothing to prevent the Commission from going back to Part I of the draft convention, consideration of which had previously been postponed.<sup>2</sup> In view of the political atmosphere in which these questions were being examined, he thought that it would be easier to discuss the reduction of armaments in detail after a decision had been reached on the security proposals. Mr. Norman Davis, however, opposed the suggestion that the Commission should return to Part I of the British draft. In view of his statement, he thought that it would be waste of time for the Commission to discuss security until the Powers of Continental Europe had come to an understanding among themselves on the regional arrangements for security in which non-European Powers would not be concerned. He would prefer to proceed at once to a detailed discussion of the chapter of the draft which dealt with material. The

<sup>1</sup> The Italian Government appear, however, to have felt some doubt regarding the nature of the system of control of armaments envisaged by the United States. This doubt was shared by the German Government, and the Italian and German Ambassadors in Washington called at the White House on the 22nd May to ask for further light on this point.

<sup>2</sup> See p. 262 above.

question of the procedure to be adopted was discussed privately, and on the 23rd May the Bureau decided, as a compromise, that the questions of security and of material<sup>1</sup> should be dealt with at alternate meetings of the General Commission.

In the meantime, questions relating to security had been under consideration by the committee which had been appointed by the Political Commission of the Conference on the 10th March.<sup>2</sup> By the third week of May this committee had adopted a definition of the aggressor and it had also agreed on measures which should be taken to ascertain the facts in a case of aggression. The proposal for defining an aggressor, which had been submitted by the Soviet delegation during the discussion of the French plan in February,<sup>3</sup> had undergone certain modifications in detail, but in substance it was unchanged. The aggressor in an international conflict was defined as

that state which is the first to commit any of the following actions: (1) declaration of war upon another state; (2) invasion by its armed forces, with or without a declaration of war, of the territory of another state; (3) attack by its land, naval or air forces, with or without a declaration of war, on the territory, vessels or aircraft of another state; (4) naval blockade of the coasts or ports of another state; (5) provision of support to armed bands formed in its territory which have invaded the territory of another state, or refusal, notwithstanding the request of the invaded state, to take in its own territory all the measures in its power to deprive those bands of all assistance or protection.

<sup>1</sup> It was not considered necessary for the General Commission to revert to the question of effectives at this stage, as the relevant portion of the draft convention had already been given a first reading and the Effectives Committee was still at work. During the first half of June, this committee completed its examination of the question of pre-military training and drew up a report. Having decided on the 11th May that the Nazi S.A. and the Stahlhelm ought to be classified as effectives, the committee decided on the 22nd May that the German auxiliary police, who were drawn from the Nazis and the Stahlhelm, need not be included in the category of militarized police, since their numbers would already have been taken into account in computing effectives. As there appeared to be no possibility of agreement regarding the control of pre-military instruction, the British delegate suggested that it should be left uncontrolled, and the committee decided in principle, by eight votes to six, that if this suggestion was adopted there ought to be some arrangement for compensating states in which pre-military instruction did not exist. The British delegate, however, was not prepared to accept this principle. On the question of the account which should be taken of compulsory labour corps in computing effectives, the committee decided, by twelve votes to four, that the only satisfactory solution would be to prohibit such corps (the minority in this vote consisted of Italy, Germany, Austria, and Hungary). On the 13th June the committee adopted a report which was of an inconclusive nature. There were numerous reservations, and on the question of pre-military instruction opinions were expressed which were in complete opposition with one another.

<sup>2</sup> See p. 246 above.

<sup>3</sup> See p. 234 above.

In addition it was stipulated that 'no political, military, economic or other considerations' might 'serve as an excuse or justification' for aggression, and a special protocol, to be annexed to the act defining the aggressor, enumerated 'the principal cases in which states might have thought themselves authorized to resort to measures of force against another state under international law as it existed previously to the Pact of Paris and to the Covenant of the League of Nations'.<sup>1</sup>

The proposal relating to the establishment of the facts of aggression had been put forward in the first place by the Belgian delegation. It provided for the setting up of a 'Commission for establishing the Facts' in the territory of any High Contracting Party which might so request. The Commission was to consist of five members, and rules were laid down for its constitution. Any High Contracting Party which believed itself 'to be the victim of, or threatened with, any aggression or violation of its territory' would 'have the option of calling upon the Commission to establish all the facts likely to throw light on the situation'.

The Security Committee also gave some consideration to the proposal for a European pact of mutual assistance,<sup>2</sup> but the representatives of Germany, Hungary, and Italy confined themselves to following this part of the committee's work as observers, and, although the committee prepared a draft of a pact, this was submitted to the General Commission only as a basis of discussion. The draft reiterated the obligation not to resort to force and provided that states which had not already done so should accede to the General Convention to improve the Means of preventing War.<sup>3</sup> The draft took account of existing obligations with regard to assistance, and strengthened them in two ways: first, by providing for an exact definition of the aggressor and, second, by making any recommendation of the League Council in accordance with paragraph 2 of Article 16 of the Covenant binding upon the signatories. The participating states would be free to limit the application of their commitments either by declaring at the time of accession that they accepted the obligations in a given region but not throughout the whole of Europe, or by specifying the forces or the material with which they would be prepared to render assistance. Finally, a distinction was drawn between the

<sup>1</sup> Report, dated the 24th May, 1933, of the Committee on Security Questions (Document *Conf. D./C.G./108*). In the original Soviet proposal the list of considerations which might not be adduced as justification for aggression had formed an integral part of the act defining the aggressor.

<sup>2</sup> See Documents *Conf. D./C.G./108(a)* and *Conf. D./C.G./C.R.S./9(a)*.

<sup>3</sup> See the *Survey for 1931*, Part II, section (iii).



idea of assistance and the idea of belligerency, and it was laid down that a country which fulfilled its obligations to give assistance in the event of a dispute would not be considered as in a state of war with the opponent of the country to which the assistance had been rendered.

The report of the Security Committee was available when the General Commission began its discussion of the first chapter of the British draft convention on the afternoon of the 24th May. The British delegation had redrafted this part of their proposals in the light of Mr. Davis's statement of the 22nd May. Articles 1 to 5 of the original draft<sup>1</sup> were now replaced by three new articles:

Art. 1. In the event of a breach or threat of breach of the Pact of Paris, either the Council or Assembly of the League of Nations or one of the parties to the present Convention who are not members of the League of Nations may propose immediate consultation between the Council or Assembly and any of the said parties to the present Convention.

Art. 2. It shall be the object of such consultation (a) in the event of a threat of a breach of the Pact to exchange views for the purpose of preserving the peace and averting a conflict; (b) in the event of a breach of the Pact to use good offices for the restoration of peace; and (c) in the event that it proves impossible thus to restore the peace, then to determine which party or parties to the dispute are to be held responsible.

Art. 3. The provisions of the above article do not in any way prejudice the rights and obligations of the Members of the League, nor conflict with nor limit the powers and duties of the Assembly and Council under the Covenant.

The amended draft was submitted to the General Commission by Sir John Simon, who explained that it was an attempt 'to devise . . . what has been called the outermost circle of security'. The British delegation hoped that Article 1 would provide 'for that method of consultation to which Mr. Norman Davis referred'. Sir John Simon also made special mention of the passage in Mr. Davis's speech promising that the United States would 'refrain from any action tending to defeat' collective measures to restore peace, which he described as 'an effort to modify the strict regard for the law of neutrality, the importance of which we all recognize and in respect of which we tender to the United States our best thanks'. He also pointed out that the amended draft which he presented met the criticism directed against the earlier proposals on the ground that they failed to take account of the machinery of the League of Nations.<sup>2</sup> Mr. Norman Davis commented favourably on the new draft, which appeared to him to be in harmony with his declaration

<sup>1</sup> Article 6, which dealt with special regional agreements, remained unchanged.

<sup>2</sup> See p. 259 above.

of the 22nd May, and he explained that, in the event of the British draft being accepted by the Conference, the United States Government intended to make a unilateral declaration on the following lines:

Recognizing that any breach or threat of breach of the Pact of Paris (the Briand-Kellogg Pact) is a matter of concern to all the signatories thereto, the Government of the United States of America declares that, in the event of a breach or threat of breach of this Pact, it will be prepared to confer with a view to the maintenance of peace in the event that consultation for such purpose is arranged pursuant to Articles and of Part I of the Disarmament Convention. In the event that a decision is taken by a conference of the Powers in consultation, in determining the aggressor, with which, on the basis of its independent judgment, the Government of the United States agrees, the Government of the United States will undertake to refrain from any action and to withhold protection from its citizens if engaged in activities which would tend to defeat the collective effort which the states in consultation might have decided upon against the aggressor.

After a number of the speakers, who included Monsieur Paul-Boncour and Herr Nadolny, had expressed general approval of the amended draft, it was adopted on a first reading, on the understanding that any delegation which wished to do so could submit amendments before the second reading was taken.

The first-reading discussion of the definition of an aggressor, which was taken by the General Commission on the 25th and 29th May, showed that opinion was divided as to the merits of the proposal. When this question was considered by the Security Committee, 'certain members of the Committee (Germany, Hungary, Italy, Spain, Switzerland, United Kingdom) showed a preference for an elastic definition of aggression which would permit the international authorities to take all the circumstances into account, thus obviating the drawbacks of the application of rigid definitions which in certain cases might not be adaptable to the actual facts'.<sup>1</sup> This minority view was maintained by the delegations concerned during the discussion in the General Commission, where the strongest opposition came from the representatives of Great Britain and of Italy. The British Government had always held that too rigid a definition of aggression would defeat its own ends, and Mr. Eden put this view once more before the Commission. The Italian delegate, Signor di Soragna, took a still stronger line, for he declared that the proposed definition substantially modified the British draft convention, and that if it was adopted the Italian Government might have to reconsider their

<sup>1</sup> Report of the Security Committee (Document *Conf. D./C.G./108*).

views on the convention as a whole. The attitude of the German delegation was less decided, and, while Herr Nadolny expressed a preference for greater elasticity in the definition, he did not reject it outright. The proposal was warmly supported by Monsieur Paul-Boncour and by the representatives of the Little Entente and of Greece.<sup>1</sup> It was finally decided that before the second reading of the convention an attempt should be made to produce an amended definition, on the same lines as that submitted by the Security Committee but less rigid in its wording; and Mr. Eden, Monsieur Dovgalevsky (who had been responsible for the original proposal to define the aggressor), Señor de Madariaga (who had taken up an intermediate position during the discussion), and Monsieur Politis, the *rapporteur* of the Security Committee, were asked to consult together with this object in view.<sup>2</sup> The General Commission then went on to deal with the proposal for the establishment of the facts of aggression, which passed its first reading without discussion, and to the question of a European Security Pact.

The Pact was recommended to the Commission by Monsieur Politis as a 'modest piece of work' which was, he thought, sufficiently elastic to be acceptable to all states 'except those who were resolved at all costs to prevent the organization of peace in Europe'. The representatives of France and of the Little Entente were in favour of the adoption of the pact, but the delegate of the Netherlands formulated certain reservations. The question of making the obligation not to resort to force of universal application was also raised once more by Persia, Turkey, and Afghanistan, and Mr. Norman Davis made the important statement that the draft article dealing with this point, 'if expanded so as to have universal application, would not be incompatible with the intention of the President's proposal for a pact of non-aggression'. Monsieur Paul-Boncour welcomed the idea that the obligation not to resort to force should be made universal, but he urged the importance of not allowing the desire for universality to prevent neighbouring states from entering into contracts of mutual assistance. Mr. Eden suggested that, in view of Mr. Davis's statement, the question of including a prohibition of resort to force in the European pact should be reconsidered, and, since the pact was also dependent to some extent upon the definition of an aggressor, in regard to which agreement had not yet been

<sup>1</sup> Monsieur Politis, the Greek representative, had acted as *rapporteur* of the Security Committee.

<sup>2</sup> For the non-aggression pacts, based on the definition incorporated in the report of the Security Committee, which were concluded in July 1933 between the U.S.S.R. and a number of other European states, see pp. 181-3 above.

reached, it was decided that the whole question should be left open until the second reading of the draft convention.

The discussion of the security provisions of the convention was therefore somewhat inconclusive, and unsatisfactory to France and the other European states which held strong views regarding the precedence of security over disarmament. French opinion was specially disappointed at the attitude of the British delegation in regard to the definition of an aggressor, since it was felt that the application of Article 16 of the Covenant, and of other measures, such as the proposed European pact, designed to strengthen security, would be greatly facilitated if the League Council and other international bodies concerned had definite rules laid down for their guidance in determining which party to a dispute was guilty of a breach of its obligations. Disappointment was also felt in France because Mr. Norman Davis's declaration of the 22nd May had not been followed by any indication on the part of the British Government that their policy of refraining from entering into fresh security commitments was likely to be modified as a result of the attitude of the Administration at Washington. On the 26th May Sir John Simon gave the House of Commons at Westminster an account of the developments which had taken place during his recent visit to Geneva, and, while he underlined the importance of Mr. Davis's announcement, he did not explain what conclusions the British Government drew from that announcement in regard to their own future attitude. He made it clear that the British Government did not contemplate entering the innermost, or European, of the three concentric circles into which the French plan had divided the World for purposes of security, but he did not define the exact position which the Government intended to take up, and he did not give France the assurance which she desired that the new American attitude in regard to neutrality would remove, or at least reduce, British unwillingness to take part in economic sanctions. The French reception of Mr. Davis's declaration had been coloured by a suspicion that President Roosevelt might not be able to count on the support of Congress for the policy which Mr. Davis had outlined, and the value of the declaration was still further diminished in French eyes by the omissions in Sir John Simon's speech.

French uneasiness at the trend of affairs at Geneva had been reflected in a statement made by Monsieur Paul-Boncour before the General Commission on the 23rd May, when the Commission began its discussion of the chapter of the draft convention dealing with war material. Monsieur Paul-Boncour took the opportunity to

restate the French conditions for a reduction of French armaments. These conditions were the organization of peace in Europe 'on a solid basis', the establishment of a strict permanent control over armaments, with provision for sanctions in case of a breach of obligations; and supervision of the manufacture, especially the private manufacture, of arms. On this last point the French delegation intended to submit detailed proposals in due course. Monsieur Paul-Boncour also caused something like consternation by reverting to the idea that 'aggressive' armaments should not be abolished but should be retained for the use of the League of Nations.<sup>1</sup> The resubmission of this proposal at this stage no doubt reflected the conviction, which was held by many Frenchmen, that Germany, having already begun to rearm, would not accept any system of control on the terms contemplated by France—a conviction which led naturally to the conclusion that 'aggressive' weapons (the possession of which put France in a position of superiority over Germany for the time being) must on no account be destroyed until an adequate system of control had been accepted and put into effective operation. Monsieur Paul-Boncour was perhaps thinking less of the effect of his words upon his immediate hearers than of their effect in France, and his speech created an unfortunate impression of intransigence. The appearance of an exchange of rôles between Germany and France was strengthened by the conciliatory attitude of Herr Nadolny, who said that, while Germany would like the Disarmament Conference to go further in regard to the reduction of material than was contemplated in the British plan, he would accept any proposal relating to land armaments that was likely to meet with general approval, and would not insist upon his own amendments. The withdrawal of the German amendments enabled the General Commission to proceed rapidly with the first-reading discussion of the articles on land armaments. An interesting point was raised by a Turkish amendment providing for the abolition of the special régime of the Straits which had been established by the Lausanne Treaty. In a conversation with Tevfik Rüstü Bey, the leader of the Turkish delegation, Sir John Simon had undertaken to give careful consideration to this proposal, and the Turkish delegate suggested the appointment of a special committee to examine the matter. Monsieur Paul-Boncour pointed out, however, that the Turkish amendment raised an important question of principle, since its adoption would involve revision of one of the Treaties of Peace, and he felt that it would be undesirable to intro-

<sup>1</sup> For the earlier history of this proposal, see the *Survey for 1932*, pp. 198, 217-18, 220, 277, 278-9.

duce the problem of treaty revision into the discussions of the Disarmament Conference. A number of other amendments had also been submitted, including five which provided for the abolition of tanks, and it was agreed that all the amendments should stand over until the second reading.

The General Commission then went on to discuss the articles of the draft convention which dealt with naval armaments. The most important amendments on this subject were submitted by Japan and Germany. The Japanese delegation proposed the deletion of an article which provided that the naval armaments of states which were parties to the Treaties of Washington and of London should remain subject to the limitations imposed by those treaties. This proposal was apparently a move in preparation for a Japanese demand for parity, and it was strongly opposed by Mr. Eden and Mr. Norman Davis. At one stage of the discussion it looked as though the Japanese delegation intended to reject the convention outright unless their amendments were adopted immediately, but they finally agreed to confer privately on the question before the second reading. The German amendment was designed to give Germany the right to build one more ship before 1936, and it was interpreted in France as an indication that the German Government intended to lay down a large battleship in reply to the French *Dunkerque* (which was itself a reply to the German 'pocket-battleships').<sup>1</sup> Some of the smaller naval Powers put forward suggestions for altering the draft convention in order to provide for their special needs, and the British proposals were also criticized by the representatives of the U.S.S.R. and of France—Monsieur Massigli regretting in particular the absence of any provision for qualitative limitation.

The first reading of the chapter on air armaments, which was taken on the 27th May, gave rise to one of the most interesting and important discussions that had taken place at the Disarmament Conference. The debate showed that there was widespread and emphatic support for the total abolition of military aircraft, while opinion was almost unanimously in favour of the abolition of air-bombing, as a first step. A serious obstacle to progress in this direction was presented, however, by the reservation in the British draft convention allowing the use of bombing in outlying regions for police purposes. Strong opposition to this proposal had already manifested itself,<sup>2</sup> but

<sup>1</sup> See the *Survey for 1929*, pp. 60-3; the *Survey for 1930*, pp. 48 and 65 n.; the *Survey for 1931*, pp. 32, 80, 276-7 and 288 n. For the German offer to abandon the pocket-battleship see the *Survey for 1932*, p. 227 n.

<sup>2</sup> See p. 259 above.

Mr. Eden now explained that the British Government felt obliged to maintain the reservation, although they regretted the necessity, and he added that the 'Irāqī Government held strong views on the impossibility of relinquishing the right of bombing. The only support for Mr. Eden came from the representatives of 'Irāq, Persia, and Siam, and it was clear that the British reservation was greatly disliked by the majority of delegates, including the American. It was also opposed by the French delegate.<sup>1</sup> There was some discussion on the possibility of internationalizing civil aviation, in regard to which the division of opinion followed the same lines as in the Air Commission earlier in the year.<sup>2</sup> The opposition of the German delegation to this proposal was, however, somewhat modified, and Herr Nadolny declared that 'if the Conference were really disposed to decide upon the complete abolition of military aviation . . . Germany, for her part, was prepared to go as far as possible to prevent the use of civil aircraft for military purposes'. The discussion on the air chapter was again inconclusive and the contentious points were left undecided until the second reading.

While this method gave opportunity for private negotiations in which different points of view might be reconciled, it was obvious

<sup>1</sup> The policy of His Majesty's Government on this matter was also the subject of much criticism at home. While the critics did not deny that the use of air-bombing for police purposes might possess outstanding advantages, they felt that those advantages were completely outweighed by the danger that British intransigence on this point would seriously prejudice the efforts which were being made to promote agreement on disarmament. It was pointed out that Great Britain could not claim a monopoly of the right to use air-bombs for police purposes; that the right must also be conceded to other states with colonial possessions; and that so long as the existence of bombing aeroplanes was tolerated, for instance, in the French and Italian possessions in North Africa, it would be useless to attempt to devise measures for protecting the population of Europe from the air menace. These considerations were brought to the notice of the Government in representations from many quarters, and the question was discussed on more than one occasion in the House of Commons at Westminster, where opinion on the merits of the Government's case was divided on non-party lines. On the 30th May, Mr. Baldwin answered a parliamentary question by declaring that the Government saw no reason to change the policy which had been deliberately arrived at because objection had been taken to it. The great majority of the members of the Cabinet were believed to be in favour of maintaining the reservation, though Sir John Simon was understood to have advocated its withdrawal. Protests against the Government's decision and appeals to them to modify their attitude continued to pour into Whitehall during June, and the advocates of the retention of air-bombing also did not fail to make their views known. The first sign of yielding on the part of the Government was given early in July, when Mr. Eden remarked at Geneva that if the question of air-bombing threatened to wreck the attainment of a disarmament convention 'a very different situation would have arisen'.

<sup>2</sup> See pp. 242-3 above.

that the Conference would not be able to record any real progress so long as it postponed the stage of taking final decisions. After Herr Hitler's speech of the 17th May and the change of attitude on the part of the German delegation, a few of the more optimistic spirits at Geneva had hoped that it might be possible for an agreement on the lines of the British draft convention to be concluded before the 12th June, the date which had been fixed for the opening of the World Monetary and Economic Conference. By the end of May, however, there could be no doubt that the conclusion of a convention was not yet in sight. The first-reading discussion of the first two chapters of the draft convention in the General Commission had shown how fundamental were the differences of opinion that still existed, and it had also shown that the uncertainty of the political situation was still making many European delegations extremely reluctant to commit themselves to definite measures for the reduction of armaments. On the 31st May the Bureau of the Disarmament Conference decided that the General Commission should adjourn as soon as the non-committal first reading of the draft convention was finished, and that an attempt should be made to solve the worst of the difficulties in private before the decisive second reading was taken. In order to meet the objections of the smaller Powers to this method of conducting the business of the Conference, it was agreed that the Bureau should be responsible for preparing the draft convention for its second reading (states not represented on the Bureau being entitled to send a delegate to meetings at which amendments submitted by them were discussed), and that Mr. Henderson, as President of the Conference, should be charged with the conduct of negotiations to facilitate the preparation of the second draft.

After this decision had been taken, the first reading of the remainder of the draft convention<sup>1</sup> proceeded rapidly. The French delegation submitted amendments to the chapter dealing with supervision in order to make the system more rigid and automatic. The French proposal provided for regular and automatic control of armaments, including investigation in each country at least once a year by small bodies appointed by the Permanent Disarmament Commission. It also provided for complete immunity for persons giving information in good faith and for sanctions in case of non-observance of the terms of the convention. This amendment was supported by a number of

<sup>1</sup> The chapter on chemical warfare had been dealt with on the 30th May. No amendments had been submitted and the discussion did not raise any new points. The question of reprisals was brought up once more, and a number of delegates, including the representatives of France and the United States, spoke in favour of collective measures and against individual reprisals.



delegations, including those of the U.S.S.R., Poland, Czechoslovakia, Norway, Finland, Holland, and Switzerland. Mr. Norman Davis was in favour of permanent and automatic supervision, subject to the reservation that the United States would not be required to take part in any sanctions for non-observance. The representatives of Great Britain, Germany, Italy, Japan, and Hungary reserved their opinion on the French amendment. On the other hand, the French and certain other delegations reserved their opinion on the final article of the draft convention which provided for the suppression of the disarmament clauses of the Peace Treaties.

The General Commission completed its preliminary examination of the draft convention and approved the recommendations of the Bureau on the 1st June, and it did not meet again until the 6th June. On that day<sup>1</sup> it had a general discussion on a report<sup>2</sup> from the Committee for the Regulation of the Trade in, and Private and State Manufacture of, Arms and Implements of War. This report showed that there was a fundamental divergence of views on all the more important issues which had come under examination by the committee. Four delegations—those of France, Spain, Denmark, and Poland—had submitted proposals for the abolition of the private manufacture of arms. The Turkish delegation had suggested the internationalization of all arms manufacture and the Persian delegation had declared itself ready to agree to the abolition of private manufacture if state manufacture was internationalized. On the other hand, five delegations (Great Britain, the United States, Japan, Italy, and Germany) were of opinion that the dangers likely to arise from the abolition of private manufacture would be greater than those inherent in its existence. In these circumstances, the committee decided to refer the two questions of the internationalization of all arms manufacture and the abolition of private manufacture to the General Commission for decision, and its report merely summarized the arguments for and against the abolition of private manufacture.<sup>3</sup>

<sup>1</sup> The Commission also took note on the 6th June of a communication from the President of the Committee for Moral Disarmament forwarding a resolution, which had been adopted by the committee on the 2nd June, which expressed the opinion that 'provisions should forthwith be drawn up concerning moral disarmament, these provisions to stand on the same footing as the provisions regarding material disarmament in the final texts to be adopted by the Conference'.

<sup>2</sup> Document *Conf. D. 160*.

<sup>3</sup> The report also contained the replies which had been received to the questionnaire on arms manufacture that had been circulated on the 28th October, 1932 (see the *Survey for 1932*, p. 298), together with preliminary and inconclusive reports from sub-committees on the manufacture of arms and the trade in arms and from a technical committee on categories of arms.

In the light of the discussions in this committee the French delegation had drafted a new proposal,<sup>1</sup> in the form of an additional chapter to the British draft convention, and this draft was also considered by the General Commission on the 6th June. According to this French proposal, the manufacture of arms would be prohibited except in establishments belonging to the State or directly supervised by it, and restrictions would be imposed on the quantities of arms that might be manufactured or imported or supplied to other countries. The French representative explained that his Government had not abandoned the opinion that the private manufacture of armaments ought to be entirely suppressed, but in the meantime they would accept international control of manufacture. Unless the convention contained some provision for such control, they would not be able to give it their approval. The discussion which followed showed that the majority of the delegates were in favour of the insertion in the convention of detailed provisions for the regulation of the manufacture of, and trade in, arms, but that there was not yet general agreement regarding the nature of the control. The French proposals were opposed by the representatives of Italy and of Japan. Herr Nadolny was prepared to agree to some measure of control if state and private manufacture received equal treatment, but he rejected the idea of prohibiting private manufacture. Mr. Eden expressed the British Government's preference for the system of control of exports by licence and publicity for manufacture. Finally, it was left to the *rapporteur* (Monsieur Komarnicki of Poland) to prepare texts for the second reading of the convention in consultation with delegations which were specially interested in the matter.

On the 7th June the General Commission discussed a report<sup>2</sup> which it had received from the National Defence Expenditure Commission. This report was based on the conclusions reached by the Technical Committee on National Defence Expenditure, whose report<sup>3</sup> had been completed on the 8th April after thirteen months of practically continuous labour. The Technical Committee, which had dealt with every technical aspect of the problem of the limitation and publicity of expenditure, based its conclusions on a complete examination of documentary information supplied by nineteen states (including all the great military Powers), and a partial examination of the material supplied by ten other states. The expenditure of these twenty-nine states represented ninety per cent. of the total military expenditure of the World. The members of the committee formed the opinion,

<sup>1</sup> Document *Conf. D./C.G./122*.

<sup>2</sup> Document *Conf. D. 161*.

<sup>3</sup> Document *Conf. D. 158*.

which was endorsed by the National Defence Expenditure Commission, that the states whose documentation they had examined would be able to draw up for practical purposes complete returns of their total expenditure on national defence, but that it would not be possible, for purposes of limitation, to separate expenditure on each of the three forces. Any system of limitation would therefore have to be 'global'. The report of the Technical Committee contained detailed proposals for putting such a system of limitation into force. National defence expenditure was defined as 'all expenditure necessitated or entailed by the creation, maintenance and training, in time of peace, of land, sea and air armed forces and formations organized on a military basis, and by measures immediately connected with preparations for national mobilization'. In addition, 'in order to define more strictly the contractual obligations of the signatory states', the committee drew up a 'conventional list' of expenditure to be considered as national defence expenditure for the purposes of the future Convention. They recommended the adoption of a model statement of expenditure which they had prepared in order to ensure a uniform presentation, and they suggested that the juridical basis for the limitation and publicity of expenditure must be the payments made in published accounts within periods and in forms suitable for the requirements of the Convention. They also suggested the adoption of special procedures designed to take into account fluctuations in the purchasing power of the currencies of different countries and unforeseeable and exceptional expenditure.

The National Defence Expenditure Commission agreed that 'any system of global limitation of expenditure on national defence which would offer the greatest possibilities of realization' would have to be based on the proposals put forward by the Technical Committee, but, while the members of the Commission were unanimous in believing that a system of national publicity for defence expenditure could be put into force immediately, they were divided on the question whether it was possible to include in the first Disarmament Convention provisions for the immediate application of the principle of global limitation. While eighteen delegations, including those of France, Spain, the Little Entente, and the Scandinavian states, were in favour of the inclusion of such provisions, six others, including Japan, Germany, and Italy, held that it was not possible to apply a system of limitation immediately, and that a system of publicity should first be put into effect for a trial period. The United States delegates associated themselves with the view that the application of a system of publicity would afford the most practical means of

determining the technical possibilities of a system of limitation. The British delegation was amongst the four or five delegations which reserved their opinion on the practicability of limitation until their Governments had been able to give the question fuller consideration. This division of opinion was reflected in the General Commission's debate on the report of the National Defence Expenditure Commission, and the conclusion was finally reached that the question of limitation was not yet ripe for decision. The Commission resolved 'that the first general convention for the reduction and limitation of armaments' should contain 'provisions as to the application of the principle of publicity of national defence expenditure subject to international supervision in the conditions indicated in the report of the Technical Committee of the National Defence Expenditure Commission'. The Technical Committee was asked to prepare 'the necessary draft articles with annexes to give effect to the above decision', while the question of imposing limitations on national defence expenditure was to be the subject of further negotiations to be conducted by Mr. Henderson with the delegations which were specially interested in the subject.

On the 7th June, also, the General Commission adopted a recommendation from the Bureau to the effect that 'the draft convention submitted by the United Kingdom delegation and accepted as a basis of discussion by a formal decision of the General Commission should be accepted as the basis of the future convention. This acceptance would be without prejudice to amendments or proposals submitted before or during the second reading, particularly as regarded additional chapters concerning the manufacture of, and trade in, arms and budgetary limitation.' On the following day, the 8th June, the Commission adjourned, after it had heard a statement from the Japanese delegate, Mr. Sato, on the subject of air bombardment. Mr. Sato said that the Japanese Government could not accept the abolition of air bombardment unless aircraft carriers were also abolished, and he seized the opportunity to launch another attack on the Naval Treaties of Washington and London.

(d) DIPLOMATIC NEGOTIATIONS AND THE WITHDRAWAL OF GERMANY FROM THE CONFERENCE (JUNE TO NOVEMBER, 1933)

Many of the principal delegates had already left Geneva before the final meeting of the General Commission on the 8th June, and on that day conversations took place in Paris between the French Prime Minister, Lord Londonderry and Mr. Eden on behalf of the British Government, and Mr. Norman Davis. The principal subject of

discussion was believed to be the possibility of a reduction of French armaments—in particular of the destruction of ‘offensive’ weapons—but Monsieur Daladier was reported to have made it clear that his Government could not contemplate any reduction of their armed strength unless they were assured of a satisfactory system of control of armaments and of arms manufacture and were provided with some guarantee against German rearmament. Since Monsieur Daladier’s counter-inquiries regarding British and American views on guarantees met with little response, these diplomatic conversations left the position unaltered.

In the meantime, the Bureau of the Conference had decided on the 7th June to adjourn until the 27th June, when it would meet again in order to hear how far Mr. Henderson had been able to carry out the task which had been entrusted to him of preparing the way for the second reading of the draft convention by means of informal conversations with representatives of the principal Powers concerned. Mr. Henderson hoped that he would be able to arrange the necessary interviews with the statesmen who would be assembled in London for the World Economic Conference, the opening session of which took place on the 12th June; but, owing to the pressure of work on delegates to that Conference, he found that it was impossible to carry out this programme, and when he returned to Geneva at the end of the month he could not report that any progress had been made in smoothing out the remaining difficulties.<sup>1</sup> In these circumstances the Bureau came to the conclusion that it was necessary to adjourn the Conference until the autumn in order to give time for the private negotiations on questions of special difficulty to bear fruit. On the 29th June the General Commission accepted the recommendation of the Bureau that it should adjourn until the 16th October, and asked Mr. Henderson to continue his efforts to reconcile divergent points of view.<sup>2</sup> The only opposition to this proposal came from Herr Nadolny,<sup>3</sup>

<sup>1</sup> The outlook was not improved by the intensive campaign for ‘air equality’ which was launched in Germany after the publication in the press of the 24th June of a report that foreign aeroplanes had flown over Berlin on the previous evening and dropped leaflets.

<sup>2</sup> Mr. Henderson gave the Commission the following list of the principal questions on which divergences of opinion existed: ‘non-recourse to force; European or universal pact; definition of aggression; supervision and control; sanctions to be used against any state violating the Disarmament Treaty; air bombardment; military and naval aviation; abolition of aggressive land material (suggested by President Roosevelt); size of tanks and artillery; trained reserves; period of training for short-term effectives; colonial forces; period for destruction of aggressive weapons; budgetary limitation; manufacture of and trade in arms’.

<sup>3</sup> The Hungarian delegate abstained from voting on the proposal.

who declared that the consequences of adjourning the Conference would be very serious and that the delegations which approved of the Bureau's recommendation would be accepting a very grave responsibility.

In pursuance of his mission, Mr. Henderson left London on the 10th July on a 'disarmament pilgrimage' which took him to the principal European capitals. Between the 10th and the 23rd July he visited Paris, Rome, Berlin, Prague, and Paris again, and he had conversations in those cities with leading members of the French, Italian, and German Governments and with Dr. Beneš, the Czechoslovak Foreign Minister, who was also the *rapporteur* of the General Commission of the Disarmament Conference. During his visit to Berlin he missed Herr Hitler, who was in Bavaria, but a meeting was arranged in Munich when Mr. Henderson was on his way back from Prague. A suggestion which Mr. Henderson made to the effect that a meeting between Monsieur Daladier and Herr Hitler might promote a Franco-German understanding, and thus remove the principal obstacle to progress at Geneva, was not well received either in Berlin or in Paris; and at the end of his tour Mr. Henderson was obliged to admit that, while he had discovered a good deal of common ground on certain questions (such as that of the definition of the aggressor), on other matters agreement was still far to seek.

One of the most difficult and controversial questions which came under consideration during these conversations was that of supervising the execution of the terms of any convention which might be concluded. It has been seen<sup>1</sup> that the French Government had come to attach special importance to this question of supervision as the most practicable form of guarantee of security; and the amendments to the British draft convention which had been submitted by the French delegation at Geneva before the General Commission adjourned on the 8th June included one which provided that the control over armaments for which the convention would stipulate should be permanent and automatic: that is, that permanent commissions should be established which would conduct investigations in every country at least once a year.<sup>2</sup> As French suspicions of German intentions deepened during the summer of 1933, the idea gained ground that it would be dangerous for France to give her approval to any increase in German armaments, or to take any steps in the direction of reducing her own armaments, until the efficacy of any

<sup>1</sup> See p. 248 above.

<sup>2</sup> See p. 287 above. Since June the suggestion had been canvassed in France that investigations should take place every six months.

system of supervision on which agreement might be reached had been proved by experience. The proposal that there should be a probationary period of some years' duration, which would allow the system of supervision to be tested before the other provisions of the disarmament convention came into effect, had taken shape in French minds by the time when Mr. Henderson visited Paris at the beginning of his pilgrimage, and he was thus in a position to explain the French views on this subject in his subsequent interviews in other countries. According to Press reports, the idea of a trial period was flatly rejected by Herr Hitler when he and Mr. Henderson had their conversation in Munich.

After Mr. Henderson had completed his tour in the last week of July, the efforts to dispose of difficulties by negotiation were suspended until September, when the approach of the date which had been fixed for the next meeting of the General Commission necessitated a fresh attempt to find a solution. The only important development during August was the announcement from Washington on the 23rd that Mr. Norman Davis, who had had an interview with President Roosevelt to receive instructions before he returned to Europe to resume the disarmament discussions, had been authorized to support the French plan for permanent and automatic supervision.<sup>1</sup> It was announced a few days later that the programme for the modernization of the land and air equipment of the United States Army had been suspended until the result of the forthcoming meeting of the Disarmament Conference was seen.

When Mr. Davis arrived in England on the 5th September, an exchange of views between the British and French Governments had begun, and arrangements had been made for conversations in Paris on the 18th September between Mr. Eden and the French Prime Minister. Mr. Davis, having discussed the situation with members of the British Government in London, decided to follow Mr. Eden to Paris in the third week of September. Mr. Henderson was also in Paris at the same time and was thus able to keep in touch with the negotiations, though he was not invited to be present during the Franco-British and Franco-American conversations.<sup>2</sup>

Developments in Europe during the last two or three months—particularly the Nazi pressure upon Austria—had increased the ten-

<sup>1</sup> Mr. Davis had already given his general support to the French proposals when the French amendment to the British draft was discussed by the General Commission on the 1st June.

<sup>2</sup> The negotiations were not tripartite as they had been in June, and the principal object of Mr. Davis's interview with members of the French Government, which followed those of Mr. Eden, was apparently to hear the results of the Franco-British conversations.

sion which had been making itself felt when the Disarmament Conference adjourned at the end of June, and the French Government were becoming seriously concerned over reports which were reaching them to the effect that Germany had not waited for permission or for the breakdown of the Disarmament Conference, but was already rearming on a substantial scale. In these circumstances, it was not likely that Monsieur Daladier would yield on the point that there could be no reduction of French armaments until certain prior conditions had been fulfilled, and in fact the considerable measure of agreement which resulted from the Franco-British conversations was achieved because Mr. Eden was able to indicate that some at least of the conditions which the French Government deemed necessary<sup>1</sup> would now be given more favourable consideration by the British Government. This readiness to meet French views applied not only to the nature of the system of supervision which was to be established but also to the proposal that the system should be tested during a preliminary period before the provisions of the Disarmament Convention came into full effect. Having made these concessions, Mr. Eden found that Monsieur Daladier was ready in his turn to concede a point to which the British Government attached special importance—that is, that there should be a substantial reduction of armaments at the end of the probationary period if the system of supervision proved satisfactory, and that the extent of the reduction should be laid down in precise terms in the convention by which the Permanent Disarmament Commission would be established. Monsieur Daladier expressed himself satisfied with the result of the conversations, and declared that, as a result of British efforts to understand the French point of view, the situation was decidedly better than it had been in June. In one important respect the situation had certainly improved. For some months Monsieur Daladier's Government had been making a determined and successful attempt to establish better relations between France and Italy; and during the early part of September an exchange of views on disarmament had been going on between Rome and Paris through diplomatic channels. As a result, the French Government felt justified in the belief that they could count on the support of Italy as well as on that of the United States and Great Britain for their plan of putting a system of automatic supervision into force for a test period.

<sup>1</sup> Other questions which were said to have been raised and not to have met with British and American approval were those of a possible preliminary examination into the state of German armaments before the convention was signed, and of the application of sanctions in case a flagrant breach of the convention was proved.



Thus, before the disarmament negotiations were transferred in the last week of September to Geneva, where the fourteenth session of the Assembly of the League of Nations opened on the 25th September, there appeared to be general agreement between France, Italy, Great Britain, and the United States on the principle that the period of validity of the Disarmament Convention should be divided into two parts: during the first period, which might last for three or four years, the prohibition on any increase in German armaments would remain in force, and its observance would be guaranteed by a system of supervision, while the reduction of the armaments of other Powers would not begin until the second period. This proposal involved a marked departure from the British draft convention, which had been accepted by the General Commission in June (when Herr Hitler had already been in power in Germany for over four months) as the basis of the future Disarmament Convention.<sup>1</sup> In the British draft, the period of validity suggested was five years, and while it was contemplated that the reduction of armaments should proceed by stages, there had been no suggestion that the process would not begin as soon as the convention had been ratified. It remained to be seen whether the German Government could be induced to accept a plan which would, at the best, postpone for some years the attainment of the equality of status in armaments which had been granted to Germany in principle by the other Great Powers in December 1932.<sup>2</sup>

The exchange of views between Governments during the first three weeks of September had not been extended to include Germany, and the last occasion on which Herr Hitler had been invited to express his opinion on disarmament questions had been during his interview

<sup>2</sup> See p. 291 above.

<sup>1</sup> See the *Survey for 1932*, pp. 288-90. It was perhaps natural that the Germans should have suspected that the postponement of equality for three or four years was not the only result which the French expected from the two-period plan. In German eyes, it appeared probable that the French intended in effect to make the attainment of equality dependent on the fulfilment of certain conditions during the probationary period in order that they might have the opportunity of refusing at a later stage to grant equality on the ground that the stipulated conditions had not been carried out. This point of view was forcibly expressed by the German Foreign Minister in a statement to foreign press representatives on the 16th October, after Germany had withdrawn from the Conference. Under the two-period plan, said Freiherr von Neurath, 'Germany alone would be subject to decisive armament limitations in the next few years. The other Powers would therefore always have the possibility of pleading the non-functioning of the supervision, or alleged German violation of the Treaty, in order to evade their material obligations in respect of disarmament. . . . The standpoint of the Powers therefore amounts to postponing their disarmament *ad calendas graecas*, while at the same time prohibiting any levelling of armaments on the part of Germany.'

with Mr. Henderson at Munich in the middle of July. Since then, the indications pointed to an intention on the part of the German Government to stand their ground when the discussions were resumed at Geneva, and to insist that a failure of the armed Powers to reduce their armaments would leave Germany free to rearm herself. On the 15th September, for instance, Freiherr von Neurath made a statement to foreign press representatives in Berlin in which he took the line that there could be no more giving way by Germany. If the highly armed countries continued to evade their obligations to disarm, the German Government would 'have the right and the duty to provide for the equality and security of its own people according to its own judgement and without any hesitation or false scruple'. Nevertheless, when informal discussions on disarmament began again on the fringe of the League Assembly towards the end of September, competent observers found grounds for optimism in the apparently sincere desire to come to an agreement which was manifested by members of the German delegation. After a few days, however, during which Monsieur Paul-Boncour, Sir John Simon and Mr. Eden, Signor Suvich (the Italian Under-Secretary for Foreign Affairs), Mr. Norman Davis, Freiherr von Neurath and Dr. Göbbels all took part in intensive negotiations, the feeling of optimism gave place to the realization that there was no real advance to record. A certain progress was made in determining the steps which could be taken in such matters as the reorganization of effectives before the reduction of material began, but there appeared to be little prospect that the German demand for equality of rights would ultimately prove compatible with the latest form of the French demand for security. The German representatives did not reject outright the idea of dividing the duration of the Disarmament Convention into two periods, but they insisted that the supervision which was to come into effect during the first period must be generally applied, and that specific undertakings on the part of the heavily armed Powers to reduce their armaments must be included in the convention. They also claimed the right to possess samples or prototypes of any weapons which were retained by other Powers during the first period. It was now proposed that the transformation of the German Reichswehr into a short-service army, in accordance with the proposals in the British draft convention, should take place during the probationary period, and since the new force was to number 200,000 instead of the 100,000 long-service men permitted to Germany by the Peace Treaty, it was recognized that the change implied a certain increase in the armaments which Germany was allowed to possess. In the French view, however, there could

be no question of arming the new force with any but the weapons which the Peace Treaty had allowed Germany to retain, and the proposal that Germany should be permitted to provide herself with samples or 'prototypes' of heavier weapons—which could then be multiplied without difficulty—was rejected by French opinion as highly dangerous.<sup>1</sup> British and American opinion also hardened against this degree of German rearmament, but the Italians, who were attempting to act as mediators, took the view that Germany had an undeniable moral right to possess any armaments which the other Powers decided to keep for themselves. There was some difficulty in regard to the exact interpretation which was to be put upon the German demand for 'samples', and the German Foreign Minister was asked to define what was meant by that term. On the 29th September the negotiations at Geneva were suspended and Freiherr von Neurath and Dr. Göbbels left for Berlin to report to the Government. Sir John Simon, Mr. Eden, and Signor Suvich all left Geneva on the following day. The next important development was the reply of the German Government to the request for a definition of 'samples', which, in effect, took the form of counter-proposals. On the 6th October the German Ambassadors in London and in Rome presented *notes verbales*, the contents of which were also communicated to Mr. Davis at Geneva on the following day. No communication was made by the German Government to the French Government.

According to the unofficial version of the German proposals which was subsequently published in the Press, the German Government reiterated their willingness to accept the British draft convention as a basis, and their opinion that the period of five years laid down in the draft was reasonable; but it was declared to be 'impossible for the German Government to accept the proposal relative to a trial period. The German Government' had 'no objection to the proposed disarmament being effected by stages, for practical reasons relative to the disposal of material. It would be possible to fix the period of the first stage for two years after signature, and that of the second stage for three years after the expiry of the first. The German Government' would 'be forced to claim that the principle of equality of rights be applied as soon as the first stage shall be put into force'.<sup>2</sup> The German Government were prepared, as a proof of their desire for conciliation, 'to undertake to change the Reichswehr into an

<sup>1</sup> The German demand for prototypes was said to have been definitely rejected by Monsieur Paul-Boncour, who had an interview with Freiherr von Neurath on the 28th September.

<sup>2</sup> The version here quoted is that which was read by Viscount Cecil of Chelwood in the House of Lords at Westminster on the 8th November, 1933.

army made up of short-term recruits'; but they were 'unable to give precise indication with regard to the quality and quantity of material required by this new army until the actual conditions laid down in the convention regarding material' were 'known'. The British plan, it was pointed out, dealt with 'three distinct categories of land weapons: (1) arms to be absolutely prohibited in the future; (2) arms to be limited quantitatively; (3) arms to be authorized to the Powers without any limitation whatsoever'.

With regard to the first category, Germany was 'prepared to accept any prohibition of any weapon whatever, provided that this prohibition be applied generally. Further, Germany' was 'prepared to give up all kinds of weapons owned at the present time by the armed nations on condition (1) that these nations undertake to destroy these weapons in a given period, which should not exceed the period of the convention; (2) that the use of these weapons be prohibited in the future'.

With regard to the second category, the British plan provided that certain kinds of weapons would 'be limited qualitatively and quantitatively. The Government of the Reich' were 'anxious to know as soon as possible how these weapons' would 'be defined, and what' would 'be the quantitative limits imposed. By the application of the principle of equality of rights, Germany should be authorized from the beginning of the application of the convention to possess certain kinds of weapons which the other Powers' would 'be authorized to keep in specified numbers. The only point remaining for discussion' was 'the exact number of weapons in this category to be allowed to Germany'.

'With regard to the third category (weapons to be limited neither quantitatively nor qualitatively) the Government of the Reich' estimated that there would be 'no question of any limitation for Germany so long as no limitation' was 'laid down for the other Powers'.

It will be seen that the German Government categorically rejected the idea of a 'trial period' on the lines discussed in Paris and at Geneva. In regard to the demand for 'prototypes', they refrained from asking for samples of any armaments the ultimate destruction of which might be agreed upon, but their reference to the defensive category of weapons, limited numbers of which were to be retained permanently, could be interpreted in the sense that they were demanding, not 'samples' of such weapons, but immediate quantitative equality.

It has been mentioned that these German proposals had not been communicated direct to the French Government and there was no reference to them in a speech which Monsieur Daladier delivered at

the Radical Party Congress at Vichy on the 8th October. France, he said, did not wish to threaten or to humiliate any other country, and for that reason she would accept no reduction of forces without an international agreement which would be effectively guaranteed and which would provide for the establishment of permanent and automatic supervision and for progressive disarmament. He declared that Great Britain, Italy, the U.S.A. and many other countries had agreed with France on the principle that there should be a period of four years during which the system of supervision would be put into operation, armies would be reorganized on a short-term basis (excluding semi-military formations), and no more heavy war material would be constructed. At the end of that period, if supervision had proved effective, 'prohibited' material would be destroyed.<sup>1</sup> Monsieur Daladier asked what it was that Germany wanted. The Government publicly proclaimed their desire for peace and had expressed through diplomatic channels the hope of a *rapprochement* with France. But why was German youth trained for fighting? Why did the Government refuse to take the first step towards disarmament? And why did it demand the right to construct material which would have to be destroyed soon afterwards if a convention was signed?<sup>2</sup> Monsieur Daladier referred with satisfaction to a speech which had been made by Mr. Baldwin at Birmingham on the 6th October at the annual conference of the National Union of Conservative and Unionist Associations. Mr. Baldwin had remarked on that occasion that if a Disarmament Convention was signed, a nation that infringed its provisions would have no friend in the Civilized World, and the same was true of any nation which deliberately prevented the conclusion of an agreement by putting forward demands which it knew would not be acceptable to the other signatories. Mr. Baldwin had also referred to the fear that Great Britain had less regard than of old for the sanctity of agreements into which she had entered and which were designed to contribute towards the peace of Europe, and he had mentioned in particular the Locarno Treaty (which was at the time the subject of violent attack in certain organs of the British Press). 'What Great Britain has signed', he declared, 'she will adhere to.'

<sup>1</sup> It will be remembered that at Geneva, in May, Monsieur Paul-Boncour had again suggested that 'offensive' armaments should not be destroyed but should be retained for use by the League of Nations. In this respect, therefore, the policy of the French Government had been modified in accordance with the views of the other Powers.

<sup>2</sup> It would appear from this reference to the German demands that the French Government were not yet aware of the tenor of the German proposals of the 6th October.

On the 9th October, the day following Monsieur Daladier's speech, a meeting of the Bureau of the Disarmament Conference took place at Geneva. The meeting, which was attended by Monsieur Paul-Boncour but not by Sir John Simon or by Freiherr von Neurath, was the first to be held since June, and it was thus the earliest opportunity which Mr. Henderson had had of reporting officially upon the outcome of the negotiations with the conduct of which he had been entrusted. Mr. Henderson enumerated certain questions on which agreement could, in his belief, be reached without much difficulty, but there were still a number of problems which could not easily be settled.<sup>1</sup> The two most delicate questions appeared to be those of the duration of the Convention and of sanctions in case of its violation. In regard to the duration of any convention that might be signed, Mr. Henderson mentioned that while certain countries showed a marked preference for a period of validity of five years, as contemplated in the British draft, others considered that the duration of the convention should be eight years and that the first four years should be a probationary period. In order to promote a feeling of greater security, Mr. Henderson himself put forward the suggestion that the establishment of the Permanent Disarmament Commission need not wait for the ratification of the convention, but that the Commission might be constituted as soon as a certain number of states had signed the convention. After hearing the President's report, the Bureau decided that conversations between the principal delegations should continue, in the hope that further progress might be made before the meeting of the General Commission on the 16th October.

On the same day (the 9th October) the British Cabinet considered the situation and were understood to have decided that the British delegation at Geneva should support the proposal for a preliminary period during which the Permanent Disarmament Commission would be at work and a beginning would be made with the transformation of Continental armies to a militia basis. On the 10th October Sir John Simon left London for Geneva—having first had an interview with the German Ambassador in London. In Geneva, conversations were again in full swing, and Herr Nadolny, who was representing

<sup>1</sup> The questions on which Mr. Henderson believed that agreement was within reach were non-resort to force; definition of the aggressor; supervision; standardization of Continental European armies; budgetary publicity; bombardment from the air; establishment of a Permanent Disarmament Commission; and naval questions. The more difficult problems which he mentioned were the duration of the first convention; the tonnage of tanks and calibre of artillery; the reduction of land war material either by destruction or in any other way; the manufacture of, and trade in, armaments; naval and military aviation; and sanctions in the event of a violation of the convention.

the German Government, had interviews with Monsieur Paul-Boncour, Mr. Norman Davis, and Mr. Eden. On Sir John Simon's arrival on the 11th further discussions took place, from which it appeared that the French, British, and American representatives were in general agreement as to their line of action.<sup>1</sup> It also appeared that the French Government—who were being subjected to bitter criticism from the Nationalists<sup>2</sup>—felt strongly that they could not make any further concessions. On the 12th October a meeting took place between Sir John Simon and Herr Nadolny, and after this interview Herr Nadolny returned to Berlin to report to the Government. A Cabinet meeting was held on the 13th at which President Hindenburg, who had returned unexpectedly to Berlin from East Prussia, was present; and, although it was denied in Germany that any decision regarding withdrawal from the Conference had been reached at this meeting, the rapidity with which one event followed another on the 14th October led outside observers to conclude that the steps which the German Government took on that day had been fully planned in advance, even if the final decision was not taken until the last moment.

On the morning of the 14th October the Bureau of the Disarmament Conference met and heard a statement from Sir John Simon. It had been arranged that the British Foreign Secretary, on behalf of the representatives of the Great Powers who had been in consultation together, should explain the position and give an outline of the proposals which had taken shape during the negotiations that had begun in September. Sir John Simon's account of the conversations was sufficiently short to be quoted in full:

So far as the United Kingdom representatives are concerned, we have taken part in meetings at different times with the French, German, Italian and American representatives, as well as in a number of talks with the representatives of some other Powers. These conversations have led me to take the view that the draft convention which the United Kingdom Government put before the General Commission over six months ago, and which has been unanimously adopted as the general framework for the proposed agreement, will require to be in some respects recast.

<sup>1</sup> The Italian representative at Geneva does not seem to have taken an active part in the conversations at this stage, but in Rome Signor Mussolini was in close touch with the Ambassadors of Great Britain, France, and Germany and was said to be trying to find a conciliatory formula.

<sup>2</sup> The main Nationalist attack was directed against the proposal that the standardization of Continental armies should begin during the first period, since this would involve some reduction in French strength before the efficacy of the system of supervision had been proved.

The draft convention is at present drafted to cover a period of five years, but the discussions which I am summarizing indicate on the part of some Powers a wish that the period should be extended to perhaps eight years, and, so far as I recall, no serious objection to this extension has been [raised]. It was further proposed that this period of eight years should be occupied by the fulfilment of a continuous programme designed to secure at the end of the period two essential conditions:

(a) A substantial measure of disarmament actually realized and completed on the part of heavily armed Powers, and

(b) The achievement of the principle of equality in a régime of security which, ever since December of last year, has been the declared objective, not only of the Powers who signed the declaration of the 11th December, but of the Disarmament Conference itself.

But in order to attain this it is necessary to proceed by steps. Indeed, the method of stages has from a very early date been adopted as the necessary method by the general vote of the Conference. And when I speak of a programme which would gradually unfold in action so as to secure at the end of the period these two essential conditions, I recall the language of Mr. Henderson in his report to the Bureau on the 9th October last, when he declared: 'On some of the more important questions the approach is manifestly influenced by the present unsettled state of Europe and the ensuing distrust, fears and alarms.' The present unsettled state of Europe is a fact, and statesmen in drawing up their plans have to face facts. The need, therefore, for modifying the draft convention so as to accomplish this purpose by a process of evolution is clearly established.

The scheme, therefore, which emerged for consideration as the result of a number of these interviews was one in which the proposed period of eight years would begin with the transformation of Continental armies on the lines set out in the British draft, together with the setting up, through the medium of the Permanent Disarmament Commission, of an adequate system of supervision, so that the sense of security which the due observance of the convention will afford should provide the groundwork for the practical attainment of the two ideas of disarmament and equality.

Mr. Henderson has suggested that the Permanent Disarmament Commission might be set up as soon as the convention is signed, without waiting for ratification. If this suggestion is found feasible it ought to be welcomed, for it aims at shortening the period when actual disarmament and attained equality would be effectively reached.

It is understood on all hands that the supervision contemplated would be of general application. Its purpose would be to ensure that the undertakings contained in the convention were being loyally observed. It is a matter for close consideration to determine how much of the eight years would be needed for the initial steps to which I have referred. Transformation of armies involves technical questions which will govern the time-limit, and in the meantime a real feeling of confidence should develop; when it is seen that the whole plan is agreed to and is in due process of execution. Without binding myself finally to the length of this first stage, I report that the period of four years was mentioned



by several Governments, though others have raised the question whether it could not be somewhat shortened.

Whatever the length of this first stage may be, it is essential to make clear that the convention itself would have to contain at the time of its signature the detailed scheme of disarmament provided for as the final result to be attained by the time its full period of, say, eight years comes to an end. I have described that disarmament as 'substantial', and the extent of it has been the subject of detailed discussion. Since general phrases will not advance matters, I add that by 'substantial' disarmament is meant either the disarmament provided for in this draft convention or some comparable variation of it. I say quite definitely that the whole scheme would not be satisfactory to my Government, and we could not lend our own support to it, unless the degree of disarmament by the heavily armed Powers is both fully defined in the convention and really adequate. But there is another feature in the second stage of the plan which is equally definite—it is this: the results of the abolition of various kinds of armaments and of prohibition against their further use will be to constitute a common list of permitted arms which would become the same for all countries, and thus the differential position of the Powers whose armaments were limited by the Peace Treaties would finally cease. Quantities and other detailed regulation would, of course, be in each case the subject of negotiation and agreement.

The Bureau will, therefore, see that the plan I have outlined is one which, if it were adopted and loyally observed, would bring into practical operation the principle of equality of status by the method of substantial disarmament on the one hand and the application to all countries of a common list of prohibited arms on the other.

But this programme involves a feature which appears to me to be essential. I must state it with complete frankness to the Bureau—the scheme involves the principle that the Powers now under restriction of the Peace Treaties should not begin to increase their armaments forthwith but should express their willingness to conform to a timetable such as I have indicated. The Government of the United Kingdom takes the view that agreement could not be reached on the basis of a convention which would provide for any immediate rearmament. In speaking of 'no rearmament' I do not mean to dispute the reasonableness, as the Reichswehr is transformed into a more numerous short-service army, of a proportional numerical increase in its armament. And there should be from the beginning of the convention an agreement that [no Government] will manufacture or acquire any further weapons of any of the types to be eventually abolished.

In our view, therefore, for the reasons indicated by Mr. Henderson in the passage I have quoted, the attainment of the object which we all have in view at the Disarmament Conference must be in accordance with a regular programme. We earnestly desire to establish by international agreement the attainment of equality of status, and we point out that it is attained in a most complete and effective way by providing for disarmament through the adoption and loyal fulfilment of such a programme as I have indicated. By accepting the principle of no immediate rearmament, and co-operating with the rest of us in framing

a convention which is best calculated to restore the sense of confidence which has recently been so rudely shaken, the necessary conditions of success can be established.

After Sir John Simon had spoken, the representatives of the United States, Italy, and France associated themselves with his statement, approval of which was also expressed by Dr. Beneš, Monsieur Politis, and other speakers. Mr. Norman Davis declared that the statement was in harmony with the proposals which had been put forward by President Roosevelt in May 1933, and he laid stress on the importance of not transforming the Disarmament Convention into an occasion for rearmament. Signor di Soragna, the Italian delegate, said that he would be happy to associate himself with efforts to bring about an agreement along the lines laid down by Sir John Simon. Monsieur Paul-Boncour was rather more guarded in his approval; but he declared that he accepted some of the principles mentioned by Sir John Simon. He emphasized the necessity of taking account of the political situation existing in Europe, and from this point of view he believed that the division of the period of application of the convention into two stages was essential. It was important that there should be no re-armament, and it was desirable that there should be definite undertakings regarding a substantial reduction of armaments during the period of validity of the convention. In regard to the suggestion that the first of the two stages should be of four years' duration, Monsieur Paul-Boncour pointed out that that period had not been chosen arbitrarily but as a result of a series of considerations to which the French Government attached great importance.

In the absence of both Freiherr von Neurath and Herr NadoIny the German Government were represented by Freiherr von Rheinbaben, whose statement contained no hint of what was to come. The German representative contented himself with reminding the Bureau that the German Government's attitude was determined by two considerations: that there must be real and substantial disarmament on the part of the heavily armed Powers; and that there must be a practical and immediate application of the principle of equality of status, with questions of quantities left open for further negotiation.

The meeting of the Bureau ended at about 12.30 and unofficial reports that Germany had decided to withdraw from the Conference were in circulation within an hour or two.<sup>1</sup> By 3 o'clock

<sup>1</sup> The news that the Government had decided to withdraw from the Disarmament Conference and from the League was announced in the midday papers in Berlin.

Mr. Henderson had received the following telegram from Freiherr von Neurath:

On behalf of the German Government I have the honour to make to you the following communication. In the light of the course which recent discussions of the Powers concerned have taken in the matter of disarmament, it is now clear that the Disarmament Conference will not fulfil what is its sole object, namely, general disarmament. It is also clear that this failure of the Conference is due solely to unwillingness on the part of the highly armed states to carry out their contractual obligation to disarm. This renders impossible the satisfaction of Germany's recognized claim to equality of rights, and the condition on which the German Government agreed at the beginning of this year again to take part in the work of the Conference thus no longer exists. The German Government is accordingly compelled to leave the Disarmament Conference.

During the afternoon and evening of the 14th October the reasons which had led the German Government to decide that Germany must withdraw from the League of Nations as well as from the Disarmament Conference were explained to the German people and to the World at large in two manifestoes—one issued by Herr Hitler and the other by the German Government—and in a broadcast speech by Herr Hitler. In the Chancellor's manifesto, 'the German nation and its Government' were declared to have been profoundly humiliated 'by the deliberate refusal of real moral and material equality of rights to Germany. After the German Government had declared as a result of the equality of rights expressly laid down on the 11th December, 1932, that it was again prepared to take part in the Disarmament Conference, the German Foreign Minister and our delegates were informed by the official representatives of other states in public speeches and direct statements that this equality of rights could no longer be granted to present-day Germany.' The German Government again announced 'its unshaken desire for peace', but it declared 'to its great regret that in view of these imputations it must leave the Disarmament Conference'. It would also 'announce its departure from the League of Nations'. The Chancellor went on to explain that he had 'proposed to the President of the Reich, as a visible expression of the united will of Government and people, to submit this policy of the Government to the nation in a referendum, and to dissolve the German Reichstag in order to give the German people an opportunity of electing those deputies who, as sworn representatives of this policy and of peace and honour, can give the nation the guarantee of an unswerving representation of its interests in this respect'.<sup>1</sup>

<sup>1</sup> A decree dissolving the Reichstag and ordering fresh elections, together with a referendum, on the 12th November, was signed by President Hindenburg on the 14th October.

The German Government's manifesto also laid stress on Germany's desire for peace. 'The German Government and the German nation reject force as an unsuitable means of removing existing differences within the European community of states. . . . [They] renew . . . the assurance of their readiness to destroy even the last German machine-gun and to discharge the last man from the army if other nations decide to do the same. . . . [They] declare their readiness at any time, by the conclusion of Continental pacts of non-aggression, to guarantee the peace of Europe for the longest period, to serve its economic progress and to take part in the general cultural reconstruction. . . . [They] have no desire to take part in any competition in armaments with other nations; they demand only that measure of security which guarantees to the nation tranquillity and liberty to carry on peaceful work. The German Government and the German nation are prepared to secure these justified demands of the German people by means of negotiations and treaties.'<sup>1</sup> In conclusion, the German Government asked the German people the following question: 'Does the German nation approve the policy which its Government here submits to it, and is it prepared to declare and solemnly to acknowledge this policy as the expression of its own view and its own desire?'

Herr Hitler in his broadcast speech reiterated once more Germany's readiness to disarm completely on the sole condition of reciprocity. 'If the World decides that all weapons are to be abolished down to the last machine-gun, we are ready to join at once in such a convention. If the World decides that certain weapons are to be destroyed, we are ready to dispense with them immediately. But if the World grants to each nation certain weapons, we are not prepared to let ourselves be excluded from this concession as a nation with inferior rights.' The most significant passage in the speech, however, was that in which the Chancellor made overtures to France. He said that he took it as a 'sign of a noble sense of justice' that Monsieur Daladier had shown a 'spirit of conciliation and understanding' in his latest speech and had denied that France desired to humiliate Germany.

I speak [he said] in the name of the whole German people when I affirm that we sincerely desire to end a feud which has resulted in the

<sup>1</sup> On the 16th October, the German Foreign Minister gave additional explanations of the Government's reasons for leaving the Conference in an interview with foreign Press representatives. He declared that the departure of Germany need be no obstacle to the work of the Conference, since she was already disarmed, and he added that the Government would at any time examine serious proposals for disarmament and remained ready to come to an agreement based on equality of rights. Extracts from Freiherr von Neurath's statement will be found in *Documents on International Affairs, 1933*.

loss of so many lives, a loss so disproportionate to anything that has been gained by it. The German people is convinced that the honour of its arms had remained unsullied and unsmirched, just as we see in the French soldier only our ancient but glorious opponent. We and the whole German nation would rejoice at the thought that we might spare our children and children's children what we as honourable men had to watch and suffer in the long years of bitterness. The history of the last one hundred and fifty years should in its changing course have taught the two nations that essential and enduring changes are no more to be gained by the sacrifice of blood. As a National-Socialist I, with all my followers, refuse by reason of our national principles to acquire by conquest the members of other nations, who will never love us, at the cost of the blood and lives of those who are dear to us.

It would be a great day for all humanity if these two nations of Europe would banish, once and for all, force from their common life. The German people is ready to do so. While claiming boldly those rights which the Treaties themselves have given us, I will say as boldly that there are otherwise for Germany no grounds for territorial conflict. When the Saar territory has been restored to Germany only a madman would consider the possibility of war between the two states, for which, from our point of view, there is no rational or moral ground. For no one could demand that millions of men in the flower of youth should be annihilated for the sake of a readjustment, indefinite in scope, of our present frontier.

While the full seriousness of the step which Germany was taking in thus abruptly withdrawing from the Disarmament Conference was nowhere underestimated, the situation was accepted with comparative calm, and the other European Great Powers lost no time in making it clear that they did not consider that the departure of Germany from Geneva meant that their efforts to secure the limitation of armaments by agreement had definitely broken down. On the 17th October, Monsieur Daladier made a statement on Germany's withdrawal from the Conference, the effects of which, he said, the French Government were examining. In reply to Herr Hitler's broadcast speech, he declared that France was 'deaf to no appeal, but blind to no act. If one sincerely wishes for understanding, why begin with rupture? If one wishes to respect obligations, why oppose the verification of undertakings? We intend . . . to continue the examination of a state of affairs which concerns not only France and Germany, but all the community of peoples who were associated in a great and noble enterprise.'

On the same day, Sir John Simon, in the course of a broadcast address,<sup>1</sup> remarked that the British Government's future course of

<sup>1</sup> The greater part of Sir John Simon's speech consisted of a refutation of statements which had been made by the German Foreign Minister in his interview with foreign Press correspondents on the previous day. Freiherr von Neurath had described as 'not correct' the assertion which Sir John Simon

action, in the face of Germany's withdrawal, would 'involve communications with other Powers, including, I should hope, the Government of Germany herself'. He added that 'the object of British policy' was 'not to rouse resentful feelings'. The Government had tried, and would continue to try, 'to promote and invite co-operation between all nations of good will'. He spoke 'the thought of the British Government as a whole' when he said that nothing should 'be left undone in the future . . . to seek an honest and honourable compact in a great cause upon which the hopes of Mankind for the future peace of the World are so largely founded'.

In Italy, an official *communiqué* issued on the 15th October expressed surprise at Germany's decision<sup>1</sup> and indicated that in the Government's view it would be impossible for the Disarmament Conference to go on with its work in Germany's absence. There

had made (apparently on the occasion of the presentation of the *note verbale* of the 6th October) that in their communication of that date the German Government had gone far beyond their earlier demands. Freiherr von Neurath had declared that he must 'energetically reject any attempt to shift on to us a responsibility which rests on others', and he had implied that it was Sir John Simon's speech of the 14th October, in which a new plan had been put forward in place of the MacDonald plan, that had made a rupture inevitable.

Sir John Simon, in his reply, maintained that he had been fully justified in his statement and was ready to publish documents and records in support of it. He gave a brief account of the progress of the conversations in which the attempt had been made to work out the modifications that were required in the British plan in consequence of the new situation in Europe. 'I certainly thought', he said, 'that we were finding in our discussions a much closer approach to a possible basis of agreement than ever before. . . . I do not for a moment suggest that agreement had been reached, but I do most emphatically say that the question which seemed likely to give most trouble was not the proposal of successive periods, but the question whether Germany should have from the very beginning what were called "samples". . . . I had asked to be informed by the German Government exactly what they meant by "samples". . . . When at length the German claim was formally restated, there cannot be the least doubt that, instead of defining what was meant by "samples", the claim was for substantial rearmament from the very beginning. Now, a disarmament convention cannot begin with rearmament. . . . There is not the slightest doubt in the mind of any of us who have been as closely in touch with these discussions as I have, that the attitude taken up by the German Government at the last moment represented a further widening of the breach, and that all the hard work which has been put into recent conversations by all of us . . . was jeopardized, if not wrecked, by this new attitude. We are now asked to believe that the German Government only made up its mind to withdraw from the Disarmament Conference because of, and at the time of, my statement to the Bureau of the Disarmament Conference. . . . The suggestion that Germany withdrew from the Conference on this account is a very absurd suggestion.'

<sup>1</sup> It was subsequently reported that Signor Mussolini had in fact been informed of the decision before it was communicated to Geneva, but too late to bring any influence to bear on the German Government.

were rumours to the effect that Signor Mussolini intended to summon a meeting of the signatories of the Four-Power Pact to discuss the situation, and continue the negotiations which had been suspended at Geneva, but if he did in fact contemplate this step he soon became convinced that it would be useless.

In the United States the news was received with astonishment and indignation, and it confirmed the tendency, which had become noticeable since the resumption of discussions on disarmament in September, for the United States delegate to remain in the background and leave the initiative to other Powers. On the 15th October, the United States Secretary of State announced to the Press at Washington that the Government firmly maintained their opposition to German rearmament and ascribed to Germany the blame for a step which gravely imperilled the movement for the organization of peace. Two days later, at Geneva, Mr. Norman Davis issued a statement outlining his Government's future policy in regard to the Disarmament Conference. The United States would participate in disarmament discussions as long as there was any prospect of their being continued with success, but the Government were not interested in the political elements of the purely European aspect of disarmament. Europe and not the United States must decide whether conditions were favourable for continuing the attempt to reach an agreement on armaments, and the American delegation did not wish to take an active part in any consultation on political questions which might take place between European capitals.

Meanwhile, on the 16th October, the General Commission of the Disarmament Conference had met to consider the situation. The principal business which it transacted was to approve the terms of the communication which Mr. Henderson was to despatch to Berlin in reply to Freiherr von Neurath's telegram of the 14th. The text of the document which was approved (with abstention from voting on the part of Hungary, the U.S.S.R., Poland, and Turkey)<sup>1</sup> was as follows:

I have now communicated to the General Commission Your Excellency's telegram of the 14th October, announcing the decision of the German Government to discontinue participation in the work of the Conference for the Reduction and Limitation of Armaments and

<sup>1</sup> The Hungarian delegate abstained because 'Hungary found herself in a special situation as regards disarmament'. The other three abstentions were intended as a protest against the secrecy with which recent negotiations had been carried on, and thus indicated, not approval of Germany's action, but the habitual disapproval of states which were excluded from conversations between three or four Powers.

indicating the reasons for the decision. The German Government took this step at a moment when the Bureau had just decided to submit to the General Commission a definite programme. This programme, to be completed within a limited period, provided for the realization progressively, in accordance with resolutions of the Conference in which Germany herself concurred, of reductions of armaments comparable to those contemplated in the Draft Convention submitted to the General Commission. This programme provided also, with corresponding measures of security, for the realization of equality of rights, which the German Government have always placed in the forefront of their demands. I regret therefore that this grave decision should have been taken by your Government for reasons which I am unable to accept as valid.

Certain delegates expressed a desire to consult their Governments as to the policy which they were to follow in the new circumstances, and the General Commission adjourned until the 26th October. It was arranged that the Bureau should hold its next meeting on the 25th October.

The interval of ten days was occupied by consultation between the principal Powers on the course of action which should be pursued. The Italian Government were strongly in favour of the abandonment of any attempt to continue the discussions at Geneva, and the British Government also came to the conclusion that it would be better to adjourn the Conference in order to give Germany time to re-consider her position. This opinion was also apparently shared by Mr. Norman Davis, though he was not in favour of any long delay before the work was resumed. The French Government, on the other hand, took the view that Germany's withdrawal from the Conference was to be interpreted as a refusal to submit to the investigation which would have revealed the extent to which she had already rearmed; and they held that the Disarmament Conference ought to continue its work and endeavour to complete a convention, which could then be presented to Germany for signature.<sup>1</sup> The situation was complicated by the budgetary difficulties of Monsieur Daladier's Government, which led to their resignation after a defeat in the Chamber on the 24th October.<sup>2</sup> In Germany, during these ten days, attention was concentrated on the election campaign which opened on the 20th October.<sup>3</sup> On the following day, the formal notification of Germany's

<sup>1</sup> Dr. Beneš, the *rapporteur* of the General Commission, was also strongly opposed to any suggestion for adjournment.

<sup>2</sup> On the 27th October Monsieur Sarraut formed a Government, with Monsieur Daladier as Minister for War and Monsieur Paul-Boncour as Foreign Minister. This Government fell on the 23rd November, and the Chaumetemps Government which succeeded it held office only until the 27th January, 1934.

<sup>3</sup> The possibility of an understanding with France formed an important



withdrawal from the League of Nations was handed to the Secretary-General by the German Consul at Geneva. Herr Trendelenburg, the German Under-Secretary of the League, presented his resignation at the same time.

On the 25th October the Bureau of the Disarmament Conference agreed to recommend to the General Commission that it should adjourn, but should decide provisionally to meet again not later than the 4th December. In the meantime, exchanges of views would continue, and the Secretariat would be responsible for preparing a revised text of the British draft convention, in which account would be taken of the various amendments that had been proposed since the draft had been put forward in March 1933. The Bureau would meet again on the 9th November to examine the situation in the light of any further developments, and it would hold a further meeting before the 4th December to decide whether or not it would be useful for the General Commission to reassemble. The General Commission, meeting on the 26th October, approved the recommendations of the Bureau, though not without some expressions of concern on the part of the smaller Powers lest their interests should be overlooked. At the meetings of both the Bureau and the General Commission, practically all the speakers announced their determination that the work of the Disarmament Conference must be carried to a successful conclusion.

On the 6th November the revised text of the draft convention was circulated to the states represented at the Conference. On the same day, the German attitude was defined once more in an election speech which Freiherr von Neurath made in Berlin. The Foreign Minister attacked the whole policy of the League of Nations, the principal aim of which, he declared, had been to consolidate the powerful position which the victorious nations had won at Versailles and to keep the vanquished in permanent subjection. In deciding to leave the League, Germany's object was not to turn her back on the policy of peace, but to give a fresh impulse to a genuine and fruitful policy of peace. The Government hoped to render a service, if not to the Geneva League of Nations, at least to the true League of Nations spirit. They appealed from the existing to a better League. Freiherr von Neurath again repudiated the idea that Germany merely wished to be free to rearm, and he concluded his speech by declaring that the topic of the speech with which Dr. Göbbels opened the campaign at the Sportpalast in Berlin on the 20th. Like Herr Hitler on the 14th October, Dr. Göbbels referred to the Saar question as the only outstanding difficulty between Germany and France and declared that when the Saar had been returned Germany would have no more material claims to make.

Government were making 'an honest and trustful offer' to the other Powers. If their offer was accepted, and if other Governments would 'take the hand which Germany stretched out to them', the settlement of individual questions would present no serious difficulty.

Attention was drawn to this passage of the German Foreign Minister's speech by Sir John Simon during a debate on disarmament in the House of Commons at Westminster on the following day. Sir John Simon reviewed the course of the Disarmament Conference from its beginning in February 1932 and explained the circumstances in which he had made his statement to the Bureau on the 14th October, 1933. He also dealt at some length with the question of British obligations under the Locarno Treaty and the situation which would arise in that connexion if Germany carried out her announced intention of leaving the League of Nations.<sup>1</sup> On the subject of Freiherr von Neurath's 'honest and trustful offer', Sir John Simon reminded the House of the wish which Herr Hitler had expressed for a *rapprochement* with France, and he declared that the British Government most earnestly trusted that these statements might 'lead, in some form or other, to the renewal of contact, and that this object' would 'be pursued by whatever method' was 'found most useful and appropriate'. He added that the British Government had 'never been sticklers for method' if they could 'help the result'; and they intended to continue their efforts 'and invite other Governments to continue theirs'. At a later stage of the debate, a question from Mr. Lloyd George (who had strongly criticized the Government's action in supporting the proposal for a period of probation)<sup>2</sup> elicited from Mr. Eden an assurance that the Government were not committed to that proposal, which was merely 'in the process of negotiation'. They 'were prepared to support it if it found support in the Conference'. Mr. Eden added that, since the negotiations on the two-period plan had failed, 'of course the draft convention still stands'.

These hints that the British Government would be prepared to abandon the plan which had been given shape in Sir John Simon's statement of the 14th October, and to continue negotiations, if

<sup>1</sup> Certain passages from Sir John Simon's speech are quoted in other sections of this part of the present volume on pp. 168 and 222-3 above.

<sup>2</sup> Sir John Simon deprecated the use of this term, which he described as 'not quite accurate'. 'The period of probation', he said, 'is a phrase and not only a phrase but a conception, which we of the British delegation had rejected publicly and privately throughout'. Nevertheless there can be little doubt that Sir John Simon's statement to the Bureau on the 14th October was generally taken to mean that the British Government were committing themselves to the acceptance of a 'période d'épreuve'.

necessary outside Geneva, on the basis of the draft convention, were not followed up immediately. There had been a suggestion that either Sir John Simon or Mr. Eden, or both, should resume conversations with the French Government in Paris on their way to Geneva for the meeting of the Bureau of the Disarmament Conference on the 9th November; but when the time came the French Government were still in the throes of their financial difficulties, and since it would be impossible, for this reason, for Monsieur Paul-Boncour to go to Geneva, it was decided that it was unnecessary for Sir John Simon or Mr. Eden to make the journey. Mr. Norman Davis had left Geneva for the United States at the beginning of November,<sup>1</sup> so that none of the delegates who had taken the leading part in the conversations immediately preceding the withdrawal of Germany were present at the meeting of the Bureau. The result of the Bureau's deliberations was the appointment of a small committee to make recommendations regarding the best method of carrying forward the work of the Conference. This committee recommended that *rapporteurs* should be appointed to deal with the majority of the outstanding questions on which agreement had not been reached, and that the two questions of effectives and of supervision, which appeared likely, at the moment, to give rise to most difficulty, should be referred to committees. These recommendations were accepted by the Bureau on the 11th November.

This decision was not reached without trouble, for there was a sharp divergence of views on the desirability of continuing the attempt to arrive at an agreement in the absence of Germany. While the French delegation maintained that the best course was for the Conference to go on as though nothing had happened, the Italian delegation considered that this would be merely waste of time. During the past four weeks Signor Mussolini had become confirmed in the belief, which he had held from the first, that to continue the discussions at Geneva while Germany remained aloof would serve no useful purpose and might do harm by hindering the attainment of agreement with Germany through other channels. Although the intention was that the *rapporteurs* and the committees whose appoint-

<sup>1</sup> An announcement was made by Mr. Cordell Hull in Washington at the same time to the effect that Mr. Davis's return did not mean that the United States Government were abandoning their attempt to help Europe. Mr. Davis would go back to Geneva whenever his presence there seemed necessary. Mr. Davis had an interview with Monsieur Paul-Boncour in Paris before he left Europe. He was reported to have said that he was as anxious as ever to promote the conclusion of a disarmament convention, but that he did not feel that the United States was called upon to take the initiative in attempts to bring Germany back to the Conference.

ment was now decided upon should confine themselves as far as possible to the technical aspect of the questions which they would have to consider, leaving the political aspect for informal negotiations, the Italian delegate, Signor di Soragna, considered it necessary to make a reservation at the first meetings of the Committees on Supervision and Effectives on the 12th November, leaving himself and his colleagues free to act as observers if the discussions should take a political turn and to refrain from voting on delicate questions. Italy's 'semi-exit' from the Conference was greatly regretted in France, not least because it appeared to mark a definite breach in the good understanding which had been established between France and Italy a few months earlier.

The Italian representative's gesture, combined with the poor attendance of Ministers at the meeting of the Bureau, threatened to wear out the apparently inexhaustible patience which had been displayed hitherto by the President of the Conference. Mr. Henderson indicated that unless he received a greater measure of support he would feel obliged to resign his office, and he also addressed a communication to the Governments represented at the Conference pointing out that it was difficult for the *rapporteurs* on various questions who had just been appointed to make progress in the absence of heads of delegations. These *démarches* had the desired effect, and by the 19th November Sir John Simon and Monsieur Paul-Boncour had again arrived at Geneva and had resumed consultations with Mr. Henderson and with the representatives of Italy and the United States.

The discussions showed that the French Government not only still desired to carry on the work of the Conference at Geneva but were also as insistent as ever upon the importance of testing the efficacy of supervision during a trial period.<sup>1</sup> In view of the precarious position of Monsieur Sarraut's Cabinet, it was difficult for Monsieur Paul-Boncour to make concessions, but the strong opposition of Italy to the continuance of the Conference received a good deal of support from the British and American representatives, who were more concerned to find some means of reopening negotiations with

<sup>1</sup> Their views had been explained in a note of the 15th November to the British Government, in reply to certain questions which had been raised by the British Ambassador in Paris. In this note the French Government expressed their preference for proceeding with the drafting of a convention, and made it clear that they were not ready to abandon the principle of a 'période d'épreuve', though they had no objection to a revision of the formula which had been discussed at Geneva in September and October, provided that the same results would be achieved by any new formula that might be adopted.

Germany than to keep up the appearance of activity at Geneva. Monsieur Paul-Boncour finally agreed that it would be best to postpone the meeting of the General Commission for a time,<sup>1</sup> but in deference to French views the representatives of the other Great Powers agreed that the two committees which had been appointed by the Bureau on the 11th November, together with the *rapporteurs*, should make an attempt to continue their work, in order to keep the framework of the Disarmament Conference in existence.

After a long meeting between the representatives of Great Britain, France, Italy, and the United States on the 21st November, it was announced that the four Powers were in agreement as to the immediate course of action to be pursued. On the following day the result of their deliberations was communicated to the Bureau by Mr. Hen-

<sup>1</sup> An additional motive for postponing the public discussions on disarmament was provided by the attitude of Japan in regard to supervision. At a meeting of the Supervision Committee, when the Russian representative had urged that supervision must be universally applied, the Japanese delegate had declared that Japan's special circumstances made it impossible for her to accept any supervision of her armaments. (Japan had made a similar reservation when the question of supervision had been discussed at an earlier stage of the Conference's proceedings.) In the existing state of Japanese-Russian relations it was to be expected that Japan's refusal to accept supervision would imply a similar refusal on the part of the U.S.S.R.; and a system of supervision which was not to be effective in the U.S.S.R. was obviously not likely to be acceptable to the majority of European states. The Disarmament Conference, unfortunately, had never evolved any method of dealing with difficulties of this kind except that of postponing consideration of the question at issue in the hope that it might be solved by means of informal negotiations.

In spite of the obstacle presented by the Japanese attitude the Supervision Committee was able, during the first week of December, to make some progress in its examination of the question of supervision. A basis for the discussion was provided by a French memorandum in which revised proposals were put forward for the periodical inspection of armaments. On the 6th December the chairman of the committee, Monsieur Bourquin of Belgium, presented a series of texts, which he had drafted in the light of the previous discussions. The texts, which followed the French proposals very closely, dealt with the use by the Permanent Disarmament Commission of information from unofficial sources; the question of the majority which would be required for decisions of the Permanent Disarmament Commission or its committees, particularly in connexion with investigations on the spot in the event of a complaint; the question of periodical investigations; and the constitution and duties of control committees working on the spot. These texts were not adopted by the delegates, who merely noted them and referred them to their Governments; but there appeared to be strong support for the French scheme as a whole. The French proposals included a recommendation that the private manufacture of armaments should be controlled by a system of licensing, and, while many delegates considered that a system of this kind was indispensable, the suggestion did not meet with the approval of Great Britain (whose opposition had been largely responsible for the withdrawal of the earlier proposal—which the French continued to prefer—that the private manufacture of arms should be abolished).

derson, who proposed that the General Commission should adjourn until the meeting of the Council of the League in January 1934, and that in the meantime 'parallel and supplementary' efforts to reach agreement should be made through diplomatic channels. The chairmen of the various committees of the Conference would decide, in consultation with the President and the other officers of the Conference,<sup>1</sup> how far it was possible for them to carry on their work.<sup>2</sup> In view of the powers which the General Commission had conferred upon the Bureau it was not thought necessary for the former body to meet merely in order to approve the recommendation for its own adjournment. No objection was raised to this proposal, which was therefore adopted, and the Bureau and the General Commission stood adjourned until January 1934.

The course and outcome of the 'parallel and supplementary' negotiations between the European Great Powers which were opened in December 1933 must be reserved for treatment in the next volume of this series.

<sup>1</sup> That is, with Monsieur Politis (Vice-President of the General Commission), Dr. Beneš (*rapporteur* of the General Commission), and Monsieur Avenol (Secretary-General of the Conference and of the League of Nations).

<sup>2</sup> The committees had already found that it was very difficult to make progress on questions which affected Germany and Italy when the former was not represented at all and the latter's representative refrained from expressing an opinion.

## PART III

### THE AMERICAN CONTINENT

#### (i) The Seventh Pan-American Conference (December 1933)

THE Seventh International Conference of American States which was held at Montevideo from the 3rd to the 26th December, 1933, was generally acclaimed by the participants as the most successful in the series of Pan-American Conferences which had begun in 1889.<sup>1</sup> The justification for the spirit of mutual congratulation in which the delegates took leave of one another was to be found not so much in the concrete results achieved by the Conference as in the evidence which it afforded that the relations between the United States of America and the other twenty states members of the Pan-American Union had entered upon a new and happier phase, and that the countries of Central and South America need no longer find cause for alarm in the political and economic predominance of the 'Colossus of the North'. One of the most striking features of the Montevideo Conference was the absence of the concerted South American opposition to the United States which had manifested itself at earlier Conferences and which had been specially marked at the sixth Conference at Havana in 1928.<sup>2</sup> It was particularly noticeable that the representatives of the Argentine Republic, who had led the opposition to the United States in 1928, worked in close and friendly co-operation with the United States delegation in 1933.

The change in the Latin-American attitude towards the United States which was revealed at Montevideo was the outcome of a change of policy on the part of the Government of the United States which had been initiated towards the end of President Coolidge's

<sup>1</sup> The Seventh Conference probably owed some of its success to a fortunate meeting-place. At Havana in 1928, the problems raised by the relations between the United States and the Caribbean countries naturally assumed formidable proportions, whereas at Montevideo the atmosphere was far more propitious for a discussion of the burning question of intervention. Montevideo had been chosen as the site of many important Latin-American conferences, and it was, indeed, developing into a kind of American Geneva. Its suitability as a meeting-place was due in large part to the fact that Uruguay had none of the pretensions to Latin-American leadership which made the capital of Argentina or of Brazil unacceptable to other states, while at the same time it was within easy reach of both Buenos Aires and Rio de Janeiro. It was also a special advantage in 1933 that the site of the Pan-American Conference should have been relatively close to the Chaco.

<sup>2</sup> See the *Survey for 1927*, Part IV A, section (ii).

Administration. It has been indicated in a previous volume<sup>1</sup> that this change of policy made itself felt principally in four ways: in the display of less vigour in championing the cause of citizens of the United States who had grievances against the citizens or the Governments of other American republics; in the relaxation of the political control which the United States had established over certain republics in the Caribbean area; in the return to the policy, which had been followed down to 1913, of recognizing *de facto* Governments in South America whether they had been established by constitutional means or as the result of revolution; and in attempts to allay the uneasiness of the Latin-American states in regard to the use of the Monroe Doctrine as a weapon of economic imperialism. The Government of the United States continued to act upon these principles throughout President Hoover's term of office and also after the change of administration in March 1933.

The unwillingness of the United States Government to champion the cause of American citizens who were at issue with the citizens or Governments of the countries of Central and South America was specially noticeable in connexion with defaults on loans floated in the United States. Defaults by South American Governments, states, or municipalities on bonds held in the United States assumed increasingly serious proportions as the World Economic Crisis developed, and by the end of the year 1931 they amounted to more than \$815,000,000.<sup>2</sup> There was a widespread feeling in the United States that the State Department at Washington had a certain moral responsibility towards the bondholders who suffered from these defaults, because of the indirect control which the Department had exercised over the issue of foreign loans from the year 1922 onwards. In that year an arrangement had come into force whereby bankers who were contemplating the issue of a loan informed the State Department in order that the proposal might be examined from the political aspect. If the State Department approved of the proposal, the bankers concerned were informed that there was 'no objection' to the issue of the loan, and they were reminded at the same time that the Department could not undertake to give advice in regard to the financial risk involved, which must be examined by the issuing house in the normal way. This warning, however, was conveyed to the bankers and not to the investing public, and there was no doubt that many investors looked upon the State Department's approval

<sup>1</sup> The *Survey for 1930*, Part V, section (i).

<sup>2</sup> Evidence given before the Finance Committee of the United States Senate on the 1st January, 1932.



as a guarantee that a proposed loan was commercially sound. Moreover, the ordinary citizen did not realize the implications of the Government's change of policy in regard to the protection of his interests, and he was inclined to interpret the State Department's notification that it had 'no objection' to his purchase of certain securities as an undertaking that the Government would take steps to safeguard his interests if the need should arise.

Thus the system under which issuing houses consulted the State Department had undeniably helped to promote the sale of many of the bonds which were in default by the end of the year 1931, and it was natural that the system should have become the subject of considerable criticism. The critics did not fail to point out that in some cases<sup>1</sup> the State Department had given its approval to a loan against the advice of the Department of Commerce, on the ground that the political consequences might be serious if objections were raised to the proposed issue. In June 1930 the Senate passed a resolution asking the Secretary of State on what authorization, constitutional or statutory, the Department based its right to approve or withhold approval from foreign loans. Mr. Stimson, in his reply, expressed the opinion that the Department's action was in accordance with the Constitution and the revised Statutes of the United States, and denied that there was any interference with the powers of the Federal Reserve Board. On the 26th February, 1931, the Senate passed another resolution declaring it to be 'the sense of the Senate' that the Department of State should 'desist from the dangerous practice of involving the United States Government in any responsibility for foreign investment loans'. On the 9th December, 1931, a resolution was introduced into the Senate by Senator Johnson of California calling for an investigation of the sale of foreign bonds or securities in the United States. The hearings on this resolution, which occupied many weeks of the Senate Finance Committee's time during 1932, gave an opportunity for the ventilation of the whole question. Both the State Department and the bankers were strongly criticized by many witnesses, and the means by which some of the Latin-American loans had been obtained were described by Senator Johnson in March 1932 as 'little short of nefarious'. These attacks upon the policy of the State Department did not cause President Hoover's Administration to modify their view that they were not called upon to take action to redress the grievances of American citizens who had purchased South American securities. Early in February 1931,

<sup>1</sup> e.g. in the case of a Bolivian loan which was issued in 1928 (see p. 397 below).

Mr. Stimson issued a statement to the effect that the Federal Government had no means of affording relief to private investors in foreign securities on which defaults had occurred, and that the investors could only have recourse to the banking houses which had acted as agents for the issue of the loans. Three months later, Mr. Stimson made a broadcast speech in defence of the Government's Latin-American policy, in the course of which he pointed out that the policy was in accordance with the principle which had been laid down by Mr. Elihu Root when he was Secretary of State at the beginning of the twentieth century: 'It is the established policy of the United States not to use its army and navy for the collection of debts.' The announcement on the 20th June, 1931, of Mr. Hoover's proposal for a moratorium on inter-governmental debts<sup>1</sup> gave rise to rumours that a moratorium for South American debts was under consideration, and a statement contradicting these reports which was issued from the White House on the 27th June laid stress on the fact that the debts in question were private debts, which remained 'solely a relationship between the debtors and creditors'.<sup>2</sup>

The State Department could not maintain the same official lack of interest in defaults on loans to countries in Central America and the Caribbean, since such loans were usually made subject to an agreement between the Government of the country concerned and the Government of the United States. These agreements stipulated as a rule that the customs receipts or other internal revenues should be pledged to the service of the loan and should be collected under American supervision as long as the loan remained unamortized. In some cases, also, definite provision was made for the tightening up of American financial control if default should occur. Defaults on loans had, of course, provided numerous occasions in the past for active intervention by the United States in the affairs of Caribbean countries, but in the years 1931 and 1932 the State Department, in accordance with its new policy, refused to make default the excuse for further intervention.

Thus, in November 1931 the State Department acquiesced in a default by the Dominican Republic on a loan issued in 1924, in

<sup>1</sup> See the *Survey for 1931*, pp. 72-3.

<sup>2</sup> At the same time, President Hoover interested himself in projects for the rehabilitation of South American currencies which were under discussion in the summer of 1931, and the *démenti* issued from the White House on the 27th June was simultaneous with the announcement that New York banking interests would have the co-operation of the Federal Reserve system in making an investigation into the possibility of granting further loans to certain South American countries.

connexion with which customs duties were paid to an American receiver. The effects of the economic crisis had been accentuated in the Dominican Republic by a disastrous hurricane from which it had suffered in 1930, and in the autumn of 1931 the Government informed the State Department at Washington that, while they proposed to continue the payment of interest on foreign loans, they found themselves obliged temporarily to divert certain customs revenues from the payment of amortization, although they recognized that this step violated their obligations to bondholders and was not in accordance with the terms of the convention between the United States and the Republic. The State Department, having made an independent investigation which confirmed the seriousness of the Dominican Government's financial situation, merely informed the Government that the steps which they 'felt required to take and the reasons therefor' had been noted—pointing out at the same time 'that the measure proposed would necessarily extend the life of the receivership of customs for so long a period as the amortization payments' were 'held in abeyance'. A statement on the subject which was issued by the State Department on the 10th November, 1931, declared that the Government of the United States were 'not disposed at this time to take any action other than to continue to follow with attention and care the developments in the Dominican Republic'. A similar policy of restraint was followed when the Government of Salvador defaulted in February 1932 on an American loan which dated from 1922. This loan was not the subject of a special agreement between the Governments of Salvador and of the United States, but the terms of the contract gave the American bankers who issued the loan the right to appoint a fiscal representative to whom customs duties would be paid and the additional right to establish a customs receivership in the event of a default. The Government of the United States were, however, concerned indirectly in the loan, for the contract also provided that disagreements between the Republic and the bankers should be referred for decision to the Chief Justice of the United States Supreme Court, through the Secretary of State, and that, in the event of default, the bankers' agent should 'select, with the concurrence of the Secretary of State of the United States of America, two individuals competent in their opinion to discharge the duties of Collector General' of customs. Nevertheless, when the Salvadorean Government issued a decree ordering that the customs duties which were pledged to the service of the loan should be paid into the Salvadorean Treasury, the State Department at Washington declined to assist the American bankers in establishing a receiver-

ship, on the pretext that the United States had not recognized the Government which then held office in Salvador.<sup>1</sup> At the same time the reluctance of the State Department to undertake fresh financial responsibilities in Central America or the Caribbean did not mean that the Government were ready to divest themselves prematurely of the responsibilities which already rested upon them. Thus, while it was the considered policy of the Government at Washington to put an end to the political domination exercised by the United States over Nicaragua and Haiti and to withdraw the marines who were stationed in those countries, they felt constrained in both cases to keep a certain measure of financial control after the termination of the occupation, on the ground that they were under an obligation to bondholders who had advanced money in the belief that the collection of the revenue pledged to the service of the loans would be supervised by United States officials.<sup>2</sup>

The first stages in the relaxation of political control over Nicaragua and Haiti have been recorded elsewhere.<sup>3</sup> Before the end of the year 1933, the process had been carried to its conclusion in the case of Nicaragua, while in the case of Haiti a definite date had been fixed for the final withdrawal of the American marines. The settlement which had been negotiated by Mr. Stimson in Nicaragua in May 1927<sup>4</sup> provided that American marines should remain in the country temporarily in order to supervise elections and to assist in pacification and in the organization of the National Guard as a non-partisan force which would combine the functions of army and police. Presidential elections were duly held under American supervision in 1928 and 1932 and Congressional elections in 1930. In the 1932 Presidential election the Conservative candidate was Señor Adolfo Díaz, who had been President at the time of the signature of the Bryan-Chamorro Treaty in 1914, and who had been elected a second time, with the support of the United States, in November 1926.<sup>5</sup> Señor

<sup>1</sup> See pp. 326-7 below. In May 1933 the Salvadorean Congress approved an agreement which had been negotiated with representatives of the bondholders and which provided for the suspension of amortization payments and the resumption of interest payments.

<sup>2</sup> See section (ii) of this part of the present volume for the negotiations on this question between Haiti and the United States. In Nicaragua, customs receipts were pledged to the service of a loan dating from 1909, and they continued to be collected by an American official after the marines had left the country. This official also acted as one of two members nominated by the State Department on a High Commission which was responsible for the payments on bonds issued in 1918.

<sup>3</sup> See the *Survey for 1927*, Part IV B, section (iv), and the *Survey for 1930*, Part V, sections (iv) and (vi).

<sup>4</sup> The *Survey for 1927*, loc. cit.

<sup>5</sup> *Op. cit.*, loc. cit.

Díaz's defeat in 1932 by the Liberal candidate, Dr. Sacasa, was a sufficient proof that American supervision had not influenced the result of the poll. Meanwhile, the training of the National Guard had been making good progress, and from April 1929 onwards they gradually took over from the American marines the duties of policing the country and conducting operations against the insurgents who remained at large under General Sandino's leadership. In spite of the continued activities of the Sandinistas, which made it impossible for the Government to claim that the pacification of the country was complete, Mr. Stimson (who, since his visit to Nicaragua, had become Secretary of State in Mr. Hoover's Administration) announced in February 1931 that the American marines would be withdrawn after the Presidential election of November 1932. This promise was carried out, and on the 2nd January, 1933, the last detachment of marines left Nicaragua. The withdrawal of the marines was justified by the event, for, on the 2nd February, 1933, General Sandino signed an agreement with President Sacasa whereby the insurgents undertook to lay down their arms in return for an amnesty and the grant of public lands for settlement.<sup>1</sup> The withdrawal of the marines marked the end of the special relations which had existed between Nicaragua and the United States, and the responsibilities of the United States were limited thereafter to the exercise of supervision over Nicaraguan finances.<sup>2</sup> The United States also retained the rights which they had acquired under the Bryan-Chamorro Treaty in connexion with an inter-oceanic canal across Nicaraguan territory. In 1929 an Inter-Oceanic Canal Board had been appointed to investigate and survey the proposed route,<sup>3</sup> but this Board, which reported in December 1931, did not recommend any action in connexion with the Nicaraguan canal. Although they recognized that the existence of an alternative route to the Panamá Canal would be advantageous in some ways, they felt that the expense of constructing the canal could not be justified from an economic point of view, since it was estimated that the Panamá Canal, at its existing capacity, would be

<sup>1</sup> A little over a year later, on the 21st February, 1934, General Sandino and two or three companions were killed by National Guards in the outskirts of Managua, whither they had gone to negotiate with Government officials regarding the surrender of arms, which had not yet been completed. The assassination of General Sandino was declared in an official *communiqué* to have been contrary to the wishes and orders of President Sacasa, who had guaranteed the safety of the General and his followers during their visit to Managua, but the National Guards responsible do not appear to have been punished.

<sup>2</sup> See footnote on p. 323 above.

<sup>3</sup> See the *Survey for 1930*, Part V, section (iv).

adequate for all traffic until the year 1970, and that its capacity could be considerably increased at relatively low cost.

The negotiations between the United States and Haiti, which resulted in an agreement for the withdrawal of the American marines by the end of November 1934, are described elsewhere in the present volume,<sup>1</sup> and the situation in Cuba is also dealt with in a separate section.<sup>2</sup> It will be sufficient here to note that the attitude of the Administration at Washington towards the Cuban troubles afforded a striking proof of the sincerity of the United States Government's intention to place their relations with Latin-American countries upon a new footing. When the discontent with President Machado's régime in Cuba came to a head in the summer of 1933, President Roosevelt's Government consulted the Governments of certain South American countries as to the course which it would be desirable to pursue, and, while they took the precaution of despatching warships to the spot, they refrained, in spite of considerable provocation, from landing marines or otherwise intervening actively for the protection of American interests. Moreover, in November 1933 President Roosevelt announced that he was ready to enter into negotiations with Cuba regarding the 'Platt Amendment' of 1901, which was the basis of the relations between Cuba and the United States, and these negotiations terminated in May 1934 in the signature of an agreement whereby the 'Platt Amendment' was abrogated.

The three years preceding the Montevideo Conference did not provide many opportunities<sup>3</sup> for carrying into effect the third of the four principles which governed the new Latin-American policy of the United States—the recognition of *de facto* Governments in South America; for, although political unrest and military revolts continued to play a large part in South American life during the years 1931 to 1933, it generally happened either that the Government in office was able to ride the storm, or that a change of Government was effected by constitutional means, so that the question of recognizing a régime which had established itself by force did not arise. Chile provided an exception, for a revolution overthrew the Government at Santiago at the beginning of June 1932, and this *coup d'état* was followed by a series of counter-revolutions and revolts, with the result that political stability was not restored for some months. On the 6th June the State Department at Washington announced that

<sup>1</sup> Section (ii) of this part of the present volume.

<sup>2</sup> Section (iii) of this part.

<sup>3</sup> The recognition by the United States of the Panaman Government which came into power as the result of a revolution in January 1931 was recorded in the *Survey for 1930* (pp. 366-7).

it would be guided on the question of granting recognition to the new Chilean Government by the principles which had been applied in the case of other revolutionary Governments in South America; that is, recognition would be accorded as soon as the United States Government were satisfied that the Chilean Government were in *de facto* control of the country. The State Department was not able to satisfy itself on this point until October 1932, when arrangements had been made by a provisional Government for the holding of Presidential elections. The American Ambassador at Santiago notified the Chilean Government of the official recognition of the United States on the 21st October, nine days before the election of a President in the manner provided by the Constitution took place.

In regard to the recognition of Central American Governments, however, the policy of the State Department during the years 1931 to 1933 continued to be that so long as the Central American Treaty of 1923 remained in force, its terms precluded the possibility of granting recognition to Governments which had come into power as the result of a revolution.<sup>1</sup> The issue was raised by a revolution which took place in Salvador in December 1931. As a result of a *coup d'état* carried out by a group of young army officers, Señor Martínez, who had been Vice-President and Minister for War in the Government which was overthrown, became President of the Republic. The Governments of the United States and of the other Central American Republics refused to recognize the new régime, although its *de facto* control over the country was not in doubt and although recognition was granted by Mexico and by several South American states, as well as by a number of European Governments. This application of the treaty of 1923 aroused much resentment in Salvador, and the Salvadorean Congress, in its decree appointing Señor Martínez to the Presidency, declared that the right to revolt was recognized in the Constitution of Salvador and that the terms of the 1923 treaty could not 'affect the legitimacy' of the

<sup>1</sup> See the *Survey for 1930*, Part V, section (i). For the General Treaty of Peace and Amity signed by representatives of the five Central American Republics on the 7th February, 1923, see the *Survey for 1925*, vol. ii, pp. 414-15. The treaty bound each of the signatory Powers 'not to recognize any other Government which might come into power in any of the five Republics through a *coup d'état* or a revolution against a recognized Government as long as the freely elected representatives of the people thereof had not constitutionally reorganized the country'. The Government of the United States had not signed the treaty; but, since the Conference at which it was signed had been held at Washington on the initiative of the State Department, the Government felt themselves under a moral obligation to abide by the provisions which the Central American Republics had accepted for themselves.

Martínez Government. It was also pointed out that Salvador had ratified the 1923 treaty subject to a reservation regarding the provisions for non-recognition of revolutionary Governments.

The situation in Salvador raised the question whether the 1923 treaty did not infringe the sovereignty of the Central American Republics. The Costa Rican Government took the view that certain articles of the treaty established 'obligations affecting the sovereignty and independence of the signatory republics', and on the 23rd December, 1932, they denounced the treaty as from January 1934.<sup>1</sup> On the 28th December the Salvadorean Government followed suit, though the validity of this action by a Government which had not been recognized by the other signatories was questioned by Guatemala. In August 1933 the Salvadorean Congress took the further step of declaring the treaty null and void, on the ground that the provisions which had been made in the treaty for its registration with the Secretariat of the League of Nations had not been carried into effect. A few weeks later the Costa Rican Government decided that it would be possible for them to recognize the Martínez Government in January 1934, when a year would have elapsed since they had given notice of denunciation of the 1923 treaty. The Costa Rican Government carried out their intention on the 2nd January, 1934, and during January recognition was also accorded by the other Central American Republics—their change of front being explained apparently on the ground that Salvador had denounced the treaty and could therefore be treated as outside its scope. The recognition of President Martínez by the four neighbouring countries removed the obstacle to recognition by the United States, and before the end of January diplomatic relations had been resumed between San Salvador and Washington. In the meantime Guatemala had taken the initiative in summoning a Central American Conference which was to meet in March 1934 and was to consider the revision of the 1923 treaty.<sup>2</sup> Thus it appeared

<sup>1</sup> By the terms of the treaty, it was to remain in force until the 1st January, 1934. Thereafter one or two of the parties might cease to be bound by the treaty, without affecting its validity for the rest, by giving one year's notice of denunciation, but denunciation by more than two signatories would finally terminate the treaty.

<sup>2</sup> The Conference was duly opened in Guatemala City on the 15th March, and on the 12th April, 1934, a Treaty of Central American Fraternity was signed to replace the treaty of 1923. In the new treaty, the question which had led to the denunciation of the earlier treaty was dealt with by the omission of any provision regarding the recognition or non-recognition of new Governments. The signatories undertook never to 'make use of force to settle their differences'; war was declared to be 'impossible among them'; and they agreed that any future conflicts should be settled by arbitration or other peaceful means. They recognized that 'the political union of Central America is the supreme



probable that the recognition of the Salvadorean Government by the Government of the United States in January 1934 marked the end of the phase during which the State Department had continued to apply to the Central American Republics a policy which they had abandoned in the case of South American countries.<sup>1</sup>

In regard to the Monroe Doctrine, the Government of the United States did not take any further direct steps during the years 1931 to 1933 to interpret the doctrine in a manner likely to allay the uneasiness of Latin-American countries regarding its implications. It was significant, however, that Mr. J. Reuben Clark, the author of the interpretative memorandum which was prepared at the request of the Secretary of State (Mr. Kellogg) at the end of 1928,<sup>2</sup> should have been appointed a member of the United States delegation to the Montevideo Conference in December 1933. This was one of several indications that the Administration at Washington, under both President Hoover and President Roosevelt, were anxious to prove that they had sincerely renounced any intention of using the Monroe Doctrine as a weapon of imperialism. The Government's attitude came out clearly in connexion with the attempts which were made by the League of Nations, as well as by countries in the American hemisphere, to promote a peaceful settlement of the two serious conflicts which were disturbing the peace of South America during the period under review: the conflict between Bolivia and Paraguay in the Chaco<sup>3</sup> and that between Peru and Colombia over Leticia.<sup>4</sup> It was true that the Neutral Commission at Washington, which was the first agency to attempt mediation between Bolivia and Paraguay, while it made several attempts to enlist the co-operation of the states which were neighbours of the disputants, showed little inclination for some months to welcome the assistance of the League of Nations; but the aspiration of its peoples'; and the Governments of the five republics promised 'to lend their effective co-operation to unify those interests which they have in common, without diminution of or detriment to their sovereignty'. The principle of non-intervention by one state in the internal affairs of another was expressly recognized, and each signatory Government agreed to take measures to prevent the promotion or development within its territory of revolutionary movements directed against the Government of another Central American Republic. Other provisions dealt with the status of nationals of one state resident in another and with co-operation in matters of trade, law, education, communications, &c. A Central American Extradition Convention was signed at the same time.

<sup>1</sup> The question of United States recognition of the Governments which succeeded one another in Cuba in the year 1933-4 is dealt with in section (iii) below.

<sup>2</sup> See the *Survey for 1930*, pp. 370-1.

<sup>3</sup> See section (iv) of this part of the present volume.

<sup>4</sup> See section (v) of this part of the present volume.

United States was only one of the five members of the Neutral Commission,<sup>1</sup> and it was hardly fair to assume that the preference which that Commission displayed at first for keeping the settlement of the dispute in American hands was due to any reluctance on the part of President Hoover's Government to see active intervention by the League of Nations in the region covered by the Monroe Doctrine. Indeed, when the Leticia dispute assumed serious proportions early in 1933, Mr. Stimson at once established close co-operation with the League of Nations, and this policy was carried on after the change of Administration at Washington in March 1933. In May, the Neutral Commission which had been dealing with the Chaco dispute deliberately stood back in order to leave the field clear for the League, and the proposals to despatch League Commissions to the Chaco and to Leticia were carried into effect before the end of the year without any trace of opposition from Washington.

On the other hand, Latin-American countries continued to take such opportunities as presented themselves of attacking the Monroe Doctrine. Thus when the Government of the Argentine Republic, in November 1932, addressed a note to the Neutral Commission which was acting in the Chaco dispute, pointing out the desirability of entrusting the settlement of the dispute to the League Council, they took occasion to affirm that the 'regional or continental doctrines' which might present an obstacle to League action had 'neither the adhesion of Argentina nor a sanction created by the unanimous will of the countries of the Continent'.<sup>2</sup> In the same way, when the Argentinian Congress, in September 1933, passed the legislation necessary to enable Argentina to resume full activity as a Member of the League of Nations,<sup>3</sup> it instructed the Executive, in communicating

<sup>1</sup> The United States representative acted as chairman of the Commission, so that his influence on the Commission's policy was perhaps greater than that of his colleagues.

<sup>2</sup> See section (iv) of this part of the present volume, p. 411 below.

<sup>3</sup> Argentina had acceded to the Covenant of the League of Nations by an act of the Executive Power, but it was not until 1933 that the accession was formally approved by Congress. An Argentinian delegation attended the first session of the Assembly of the League in 1920, but it withdrew on the rejection of certain proposals which it had sponsored, and Argentina was not represented at subsequent sessions of the Assembly, though she took part in the work of the League of Nations in connexion with disarmament and other matters, and until 1928 she made periodical contributions towards the cost of the League. An Argentinian delegation attended the fourteenth session of the Assembly in 1933, and on the 3rd October Argentina was elected to a seat on the Council for the year 1933-4. The attitude of Argentina towards the League from the year 1920 onwards and her ultimate return to Geneva in 1933 were probably influenced to some extent by the position of Brazil. Argentinian public opinion had resented the election of Brazil as a member of the Council in 1920, and her

its decision to the Secretariat of the League of Nations, to 'state that the Argentine Republic regards the Monroe Doctrine mentioned as an example in Article 21 of the Covenant as a unilateral political declaration which in its time rendered signal service to the cause of American emancipation, and not as constituting a regional understanding as stated in the Article in question'. A similar gesture was made by Mexico on her admission to membership of the League in September 1931.<sup>1</sup> The Mexican Government's note of the 10th September, accepting the invitation to accede to the Covenant which the Assembly of the League had tendered to Mexico on the 8th, contained the following passage: 'Mexico thinks it necessary to state when accepting that she has never recognized the regional understanding mentioned in Article 21 of the Covenant.'

From the above brief review of certain aspects of the relations between the United States and the countries of South and Central America and the Caribbean during the three years preceding the Montevideo Conference, it is clear that the victory of the Democratic candidate in the United States Presidential election in 1932 did not result in any marked change in the Latin-American policy which had been followed for the last five years under a Republican Administration. Indeed, it may be said that so far as there was any change it was in the direction of speeding up the programme; for the arrival of

re-election every year until 1926 did not tend to make the League more popular in Argentina. In 1926, however, Brazil gave notice of resignation from the League on the rejection of her claim to a permanent seat on the Council, and her resignation duly took effect two years later. The movement in Argentina for the resumption of full membership gathered strength from that time until it culminated in the action taken by Congress in September 1933.

<sup>1</sup> At the time of the drafting of the League Covenant, Mexico was in bad odour with the Government of the United States, and her name was not included in the list of states mentioned in the annex to the Covenant which were invited to become members of the League by acceding to the Covenant. Mexico was too proud to apply for admission on her own account, and by the year 1931, when she had attained a measure of political stability which might well be envied by many Latin-American members of the League, the desirability of putting an end to the situation created in 1920 was generally recognized. Accordingly the five permanent members of the League Council, together with Spain, took the initiative by introducing a resolution at the twelfth session of the League Assembly calling upon the Assembly 'in all justice' to repair the omission of the name of Mexico from the annex to the Covenant by inviting her to accede—an invitation which was promptly accepted. Little more than twelve months had elapsed before Mexico gave notice of resignation from the League, but the reason for this step was said to be the economic crisis, which made it impossible for Mexico to pay her contribution towards the League's expenses, and in notifying the League Secretariat in December 1932 of their intention to withdraw the Mexican Government held out the hope that it might be possible for them to reconsider their decision before the resignation took effect. They did in fact withdraw their resignation in May 1934.

President Roosevelt at the White House appeared to be the signal for an intensification of the efforts which the State Department had been making to place the relations between the United States and Latin America on a more satisfactory footing. President Roosevelt took immediate steps to remove any apprehension as to the attitude which his Government were likely to take on Latin-American questions. In his inaugural speech of the 4th March, 1933, the question of foreign relations was naturally subordinated to the urgent domestic issues which confronted the new Administration, but the speech contained one pregnant phrase which struck the keynote of the President's Latin-American policy. 'I would dedicate this nation', said Mr. Roosevelt, 'to the policy of the good neighbour. We now realize, as we have never realized before, our interdependence on each other; that we cannot merely take, but we must give as well.' President Roosevelt elaborated his conception of the 'good neighbour' in a speech which he delivered during the celebration of 'Pan-America Day' on the 14th April, 1933.<sup>1</sup> 'The essential qualities of a true Pan-Americanism', he said, 'must be the same as those which constitute a good neighbour, namely, mutual understanding, and, through such understanding, a sympathetic appreciation of the other's point of view. It is only in this manner that we can hope to build up a system of which confidence, friendship and good-will are the corner-stones.'

These general declarations were supplemented by more concrete proofs of the good intentions of the Government of the United States. On the 16th May, 1933, for instance, President Roosevelt issued an appeal to the Sovereigns or Presidents of the fifty-four nations which were represented at the Disarmament Conference at Geneva,<sup>2</sup> and amongst the measures which he recommended was the inclusion in an international agreement of an undertaking that the signatory Powers would 'send no armed force of whatsoever nature across their frontiers'. The announcement of this proposal at Washington made it clear that the President intended the undertaking to apply to relations between the United States and the countries of Central America and the Caribbean. His sincerity on this point was borne out by his attitude in regard to the Cuban disturbances, to which reference has already been made. The non-intervention of the United States in Cuba in the summer of 1933 made a profound

<sup>1</sup> The Governing Board of the Pan-American Union had recommended in 1931 that the 14th April should be kept as 'Pan-America Day' in all the countries which were members of the Union.

<sup>2</sup> See the present volume, Part II, section (iii), pp. 267-9.

impression upon Latin-American opinion and helped more than any other political factor to prepare the way for fruitful co-operation between the United States and the Latin-American delegations at the Montevideo Conference.

It was, however, in the economic field that the change from a Republican to a Democratic régime at Washington was likely to have its most profound effects upon the relations between the United States and Latin America. Under President Hoover's Administration these relations had been gradually changing for the better as the State Department developed its new policy; but the improvement had been less marked than might have been anticipated, and this disappointing result was largely due to the fact that political concessions on the part of the United States had not been accompanied by any lowering of tariff walls. The United States tariff was one of the principal causes of Latin-American discontent, and so long as this grievance remained unredressed there was little prospect of a genuine and lasting *détente*. Before the onset of the World Economic Crisis in 1929, the tariff policy of the United States had borne most hardly upon agricultural countries such as Argentina, whose staple products were in direct competition with the products of the American farmer; but as the crisis grew in intensity and new duties were imposed at Washington, Latin-American countries whose trade with the United States was mainly non-competitive also suffered severely from the limitations imposed on their markets. Early in 1932, for instance, Chile and Peru became seriously concerned at proposals for a new American duty on copper, and they consulted together as to the possibilities of forming a Latin-American customs union to take defensive action against the United States. Mexico also took part in the negotiations, and Argentina was reported in May 1932 to be favourably disposed towards the project.<sup>1</sup> At the same time, a bill was introduced into the Peruvian Congress empowering the Government to impose a prohibitive duty on all imports from the United States.

Meanwhile, even without the adoption of special measures of retaliation, the export trade from the United States to Latin America had been declining rapidly, although the fall was not quite so serious as in the case of the export trade from Latin America to the United States.<sup>2</sup> When Mr. Roosevelt opened his presidential campaign in

<sup>1</sup> Some years earlier, Argentina had herself suggested a South American customs union, but at that time the United States tariff was directed mainly against agricultural produce, and Peru and Chile were therefore not interested in the suggestion.

<sup>2</sup> In 1929, the value of the United States import trade from Latin America was rather more than \$1,000,000,000 and the value of the export trade a little

August 1932 by denouncing the Republican Administration's tariff policy, Latin-American observers felt that they might see better days if Mr. Roosevelt were to succeed Mr. Hoover at the White House, and their hopes were strengthened when Mr. Roosevelt, having been duly elected President, appointed as his Secretary of State a leading exponent of a low-tariff policy in the person of Mr. Cordell Hull. The prospect was clouded again by the developments which took place in London during the World Economic Conference in June and July 1933;<sup>1</sup> but early in July, while the Conference was still in session, President Roosevelt indicated that there was still a possibility of relatively liberal treatment of Latin-American countries in matters of trade, by making it known that the Government at Washington were ready to enter into negotiations with several other American Governments for the conclusion of bilateral trade agreements on a basis of reciprocal tariff concessions. Conversations were initiated without delay with Argentina, Brazil, and Colombia,<sup>2</sup> and during the next few months good progress was made,<sup>3</sup> but the negotiations had not reached a conclusion by the second week of November 1933, when the American delegation to the seventh Pan-American Conference was on the point of leaving Washington *en route* for Montevideo. President Roosevelt's readiness to enter into trade negotiations had once more raised expectations regarding the benefits which might accrue to Latin America from the 'New Deal', and there seemed to be grounds for hope that the forthcoming Conference at Montevideo, which would afford the opportunity for a frank interchange of views on economic questions, would mark the beginning of a new era. On the 9th November, however, President Roosevelt issued a statement declaring that 'unsettled conditions, such as European quota restrictions', had 'made it seem desirable for the United States to forego immediate discussions of such matters as currency stabilization, uniform import prohibitions, permanent customs duties and the like'. He suggested that the Pan-American Conference would do well to turn its attention to less controversial matters, and he indicated in particular the question of communications, especially the proposed Pan-American highway.<sup>4</sup>

less. In 1930 both fell by about 30 per cent., and in the year ending the 30th June, 1933, the value of United States imports from Latin America fell to \$212,000,000 and the value of exports to \$291,000,000.

<sup>1</sup> See the present volume, Part I, section (ii) (d).

<sup>2</sup> Commercial negotiations were also opened with two European countries, Portugal and Sweden.

<sup>3</sup> The progress was most rapid in the case of the negotiations with Colombia, and an agreement was signed on the 15th December, 1933.

<sup>4</sup> The project of a highway which would link the capitals of all the American

The President's statement, taken at its face value, appeared to mean that the United States delegation at Montevideo would be debarred from taking part in discussions on some of the most important problems which would come before the Conference. Economic questions naturally figured largely in the agenda for the Conference, which had been adopted by the Governing Board of the Pan-American Union on the 31st May, 1933.<sup>1</sup> The Conference would have to consider recommendations relating to customs duties, currency stabilization, commercial arbitration, and the promotion of tourist travel, which had been made by the Fourth Pan-American Commercial Conference,<sup>2</sup> and the questions of import quotas and import prohibitions would also come before it. Reports would be submitted on the resolutions of the Inter-American Conference of Agriculture<sup>3</sup> and on a proposal for the establishment of an Inter-American economic and financial organization under the auspices of the Pan-American Union, and a number of projects for uniform legislation on commercial matters would come up for examination. The value of the discussions on this part of the programme would obviously be greatly diminished if the United States delegation was unable to express any views on some of the most important aspects of inter-American economic relations; and unfortunately there were obstacles of another kind which were likely to hamper the Conference in its deliberations on another highly important chapter of the agenda—that relating to the organization of peace.<sup>4</sup>

The states of the American hemisphere were accustomed to countries had been discussed at the Sixth Pan-American Conference in 1928, and a resolution in favour of it had been adopted. In July 1932 the Chilean section of the highway, which covered 1,577 miles, was completed, and considerable progress was reported to have been made in Central America. It was estimated that the completion of the whole project would take another fifteen years.

<sup>1</sup> In accordance with the recommendations of the Sixth Pan-American Conference, the date of the seventh Conference was originally fixed for December 1932, but in May 1932 the Governing Board of the Pan-American Union decided, in view of the economic depression, to postpone the Conference for a year. There were suggestions during the summer of 1933 that a further postponement would be desirable; but this course did not commend itself to the Government of the United States, and in the absence of encouragement from Washington proposals for putting off the Conference once more had little chance of success.

<sup>2</sup> This Conference had been held from the 5th to the 12th October, 1931.

<sup>3</sup> This Conference had taken place from the 8th to the 20th September, 1930.

<sup>4</sup> Questions relating to the organization of peace constituted Chapter I of the Agenda, and economic and financial problems Chapter IV. The other chapters dealt respectively with problems of international law, the political and civil rights of women, social problems, intellectual co-operation, transportation, and international conferences of American states.

gratulate themselves on the fact that the majority of the disputes and differences which had arisen between them since their establishment as independent nations had been settled without recourse to arms, and they took pride in the good example which they had set to the Old World by preferring arbitration to the use of force and by elaborating machinery for the pacific settlement of disputes. 'The American republics to-day', said President Hoover on Pan-America Day (the 14th April), 1931, 'are rapidly approaching the time when every major difference existing between them will be settled by the orderly processes of conciliation and arbitration.' 'We are rapidly approaching', said Vice-President Curtis on the corresponding occasion in 1932, 'a situation unique in the history of the World: namely, an entire continent which has finally settled its outstanding international problems without recourse to force and in which the reign of law has become dominant.' This complacent conception of the American nations as the pioneers of peace was rudely shattered during the course of the next twelve months, and Mr. Curtis's phrases were not echoed in their turn by the speakers who took part in the celebration of Pan-America Day in 1933. For in April 1933 two American nations—Bolivia and Paraguay<sup>1</sup>—had been engaged for some ten months in active warfare, and the danger of serious hostilities between two more—Colombia and Peru<sup>2</sup>—had not yet been eliminated. During the summer of 1933 the first steps towards a peaceful settlement of the Colombian-Peruvian dispute over Leticia were taken, but Bolivia and Paraguay continued to reject proposals for mediation, and fighting was still in progress in the Chaco when the delegates assembled at Montevideo for the Seventh Pan-American Conference. In this situation, it was evident that the Conference would be faced with a difficult problem. A meeting at which practically all the American nations (including Bolivia and Paraguay) were represented certainly appeared to offer a unique opportunity for bringing pressure to bear upon those two countries; but the experiences of the various international organizations and groups of states which had offered their good offices for the settlement of the dispute since June 1932 proved that neither Bolivia nor Paraguay was at all amenable to methods of persuasion, and at the same time there seemed little likelihood that the other members of the Pan-American Union would agree among themselves on the application of measures of compulsion. If it was difficult, for these reasons, to see what action the Conference could usefully take in the matter of the Chaco dispute,

<sup>1</sup> See section (iv) of this part of the present volume.

<sup>2</sup> See section (v) of this part of the present volume.



it would be equally difficult for it to take no action at all; for it would clearly be a somewhat futile proceeding if the delegates were to discuss the questions relating to the organization of peace which were on their agenda without reference to a state of affairs which afforded a striking illustration of the inadequacy of existing machinery.

In point of fact, the question of the Chaco dispute was raised indirectly not only by the first item on the agenda for the Conference ('methods for the prevention and pacific settlement of inter-American conflicts'), but also by the third item ('declaration of the 3rd August, 1932'); for the declaration in question had been made by all the states members of the Pan-American Union except Bolivia and Paraguay, and in it those nineteen states had appealed to Bolivia and Paraguay to submit their dispute to arbitration, and had warned them that any territorial arrangement brought about by force would not be recognized.<sup>1</sup> This principle of the non-recognition of territorial changes effected by other than peaceful means, which had been first enunciated by Mr. Stimson in connexion with the Sino-Japanese dispute in Manchuria,<sup>2</sup> was also incorporated in an 'anti-war treaty' which figured likewise in the agenda for the Pan-American Conference.

This treaty, which had been signed on the 10th October, 1933, in Rio de Janeiro, on behalf of Argentina, Brazil, Chile, Mexico, Paraguay, and Uruguay, was the result of an Argentinian initiative. In November 1932 the Argentinian Government had suggested the conclusion of a South American non-aggression pact which would supplement the provisions for the outlawry of war contained in the 'Kellogg-Briand Pact'. The suggestion seems to have been made in the first place to the Brazilian Government, which welcomed the proposal, but thought that the pact should be open to signature by the whole World. The project was discussed further at a conference between the Foreign Ministers of Argentina and Chile which was held at Mendoza in February 1933,<sup>3</sup> and during the following months it was elaborated in consultation with other Latin-American countries, until it was ready for signature in October by those states which had declared their willingness to adhere to it. After signature, the text was communicated to the League Secretariat, and four countries—the United States, Spain, Portugal, and Italy—were specially invited to accede.<sup>4</sup>

<sup>1</sup> See pp. 407-8 below.

<sup>2</sup> See the *Survey for 1932*, pp. 540 *seqq.*

<sup>3</sup> See pp. 415-6 below.

<sup>4</sup> The invitation was accepted by Italy in principle in December, and the Italian Press took occasion to refer to the pact as an example of the possi-

The treaty,<sup>1</sup> which comprised seventeen articles, condemned acts of aggression and the settlement of territorial questions by violent means, declared that any differences arising between the signatories would be submitted to peaceful settlement, and made provision for the establishment of conciliation commissions to deal with disputes. The parties bound themselves not to recognize territorial arrangements unless they had been effected peacefully, and they undertook to exercise against any states which had recourse to force all the political, juridical, and economic measures authorized by international law—subject to the proviso that diplomatic or armed intervention would only take place in accordance with the terms of collective treaties of which the belligerents were signatories.

This proviso indicated that Latin-American fears of intervention by the United States had not yet been exorcised by the proofs which Washington had given of a change of heart.<sup>2</sup> The question of intervention was due to come up for discussion at Montevideo, for the consideration of two projects by which it was raised had been postponed from the sixth Conference at Havana;<sup>3</sup> but, in view of the record of the United States in the matter during the interval, the American delegation might perhaps expect to find the discussion less embarrassing in 1933 than it had been in 1928.

The United States delegation to the Montevideo Conference was headed by the Secretary of State, Mr. Cordell Hull.<sup>4</sup> As the Conference was attended by the Foreign Ministers of nine other American states, it afforded an excellent opportunity for informal diplomatic negotiations of the kind which had become familiar at Geneva, and in fact the most delicate question with which the Conference was concerned—that of the Chaco dispute—was dealt with to a large extent by means of informal conversations. A considerable measure

bilities of international co-operation outside the framework of the League of Nations. (For the Italian attitude towards the League at this time, see Part I, section (iii).) Italy's formal adherence to the pact took place on the 14th March, 1934.

<sup>1</sup> For the text, see *Documents on International Affairs, 1933*.

<sup>2</sup> It may be noted that the Argentinian Government, who were the originators of the 'anti-war treaty', had strongly opposed a suggestion made by the Neutral Commission in Washington for applying coercion to Bolivia or Paraguay by breaking off diplomatic relations (see section (iv), p. 410 below), and they were also specially emphatic in advising the United States against any form of intervention in Cuba in 1933 (see section (iii), p. 383 below).

<sup>3</sup> See the *Survey for 1927*, pp. 437–8.

<sup>4</sup> At the sixth Conference in 1928, the leader of the American delegation was a former Secretary of State, Mr. C. E. Hughes, but the then holder of the office accompanied the President on a flying visit to Havana on the first day of the Conference, when Mr. Coolidge delivered an inaugural address.

of the success which the United States delegation scored at Montevideo was generally attributed to the personality of Mr. Hull, whose friendly and unassuming manner of getting into touch with his fellow delegates prepossessed them in his favour before the Conference was formally opened. Mr. Hull's most significant achievement in this respect was the establishment of friendly personal relations with Dr. Saavedra Lamas, the Argentinian Foreign Minister. Dr. Saavedra Lamas, who had profited by the experiences of Dr. Pueyrredón at Havana in 1928,<sup>1</sup> and was determined not to repeat the mistake of coming out in open opposition to the United States, responded to the American overtures, with the result that the appearance of rivalry between Argentina and the United States at the Conference was avoided, and the two delegations even found themselves able to agree on many of the most important matters which came up for examination.

The Conference, which was attended by delegations from twenty nations,<sup>2</sup> was opened on the 3rd December by Dr. Terra, the President of Uruguay. President Terra, in his speech, did not hesitate to refer to controversial questions; for he declared that the American ideal of peace 'must not be buried in the swamps of the Chaco', and he protested against the tariff policy of the United States in energetic terms. He expressed the opinion that it was the policy of isolation by means of tariff barriers which had brought disaster upon the economic system of the World, and he declared that the United States tariff, which had almost completely closed the markets for the industrial and agricultural products of South America, was responsible for the failure of South American states during the past three years to pay their public and private debts.

Among the general questions which came up for consideration before the Conference settled down to discuss the questions on its agenda was that of the desirability of admitting representatives of non-American states or organizations. A proposal to invite Spain and Portugal to nominate observers to attend the Conference met with a good deal of support, and the Steering Committee of the Conference decided provisionally in favour of despatching invitations, but there was more hesitation over the suggestion that the League of Nations should also be represented. The post of Secretary-General of the Conference was filled by Señor Enrique Buero, who had represented Uruguay in various European capitals and had been in close

<sup>1</sup> See the *Survey for 1927*, Part IV A, section (ii).

<sup>2</sup> Costa Rica was the only member of the Pan-American Union which was not represented.

touch with the work of the League of Nations. At Señor Buero's request the Secretariat of the League of Nations had prepared a memorandum on the activities of the League in connexion with questions which were on the agenda for the Pan-American Conference. This memorandum, which was presented to the Montevideo Conference by a Uruguayan member of the League Secretariat, laid special stress on the League's work for the preservation of peace, and the efforts which had been made to promote a settlement of the disputes between Bolivia and Paraguay and between Colombia and Peru were described at some length—the delay which had occurred in the Chaco case owing to the activities of other agencies being pointed out. The memorandum was therefore interpreted—and resented—in some quarters as an attempt to induce the American nations to resign to the League of Nations the leadership in the organization of peace in the New World as well as in the Old World. In these circumstances, the suggestion that the League, as well as Spain and Portugal, should be represented at the Conference by an observer, met with considerable opposition. Mr. Cordell Hull criticized the proposal for admitting non-American representatives, on the ground that the value of the Pan-American Union as a regional organization might be diminished if it entered prematurely into relations with European and world organizations,<sup>1</sup> and on his initiative the whole question was deferred until the next session of the Conference. On the 16th December the seventh Conference resolved to entrust to the eighth Conference 'the determination of the principles that must guide the admission of observers of organizations of non-American states to the International Conferences of American States, as well as of their character and prerogatives'. The eighth Conference was also to be invited to study 'methods of co-operation with other parts of the World by the Pan-American Organization'.

After the opening meeting the work of the Conference was allocated among ten committees, and these committees in turn appointed nearly thirty sub-committees to deal with specific questions.<sup>2</sup> The most important committees were those which dealt with the organization of peace; with questions of international law;<sup>3</sup> and with economic

<sup>1</sup> Mr. Hull also pointed out that if Spain and Portugal were admitted as the mother-countries of the Latin-American states, France might claim the right to admission as the mother-country of Haiti and Great Britain as the mother-country of the United States.

<sup>2</sup> The meetings of the committees were open to the public, but the sub-committees met in private.

<sup>3</sup> It was this committee, and its sub-committee on the rights and duties of states, which dealt with the question of intervention.

questions;<sup>1</sup> but a good deal of useful work was also done by the committees and sub-committees on the less controversial questions of transportation, intellectual co-operation, and social problems.<sup>2</sup>

The efforts which were made 'on the fringe' of the Conference to settle the Chaco dispute are described elsewhere.<sup>3</sup> For some ten days the Committee on the Organization of Peace and a sub-committee which it appointed on the Chaco question stood back and left the initiative to President Terra, who was endeavouring to persuade Bolivia and Paraguay to lay down their arms; but these negotiations had apparently produced no result by the middle of December, and on the 15th the committee itself intervened by adopting the following declaration:

The Seventh International Conference of American States declares: First, that it reaffirms its faith in peaceful means for the solution of international conflicts, by virtue of which it has made and will continue to make every effort to re-establish peace as soon as possible between Bolivia and Paraguay. Second, that it is ready to co-operate with the League of Nations in the application of the Covenant. Third, the Seventh Conference expresses to the Governments of Bolivia and

<sup>1</sup> Economic questions were examined by two committees, which dealt respectively with questions on the agenda for the Conference and with new proposals submitted to the Conference. These committees appointed several sub-committees.

<sup>2</sup> The instruments which were signed at the conclusion of the Conference included a treaty standardizing extradition procedure and a convention on political asylum; a convention relating to the revision of history text-books; and a treaty guaranteeing that women should enjoy the same rights as men in matters of nationality. An attempt was made to secure approval for a more comprehensive convention relating to the civil and political rights of women, but there was a good deal of opposition to this proposal, and the Conference merely adopted a resolution recommending to Governments that they should endeavour, so far as the peculiar circumstances of each country would conveniently permit, to establish the maximum of equality between men and women in all matters pertaining to the possession, enjoyment, and exercise of civil and political rights.

Of the other resolutions and recommendations of the Conference perhaps the most interesting was the recommendation for the establishment of an Inter-American Labour Institute with its headquarters at Buenos Aires. It was intended that this Institute should co-operate with the International Labour Organization at Geneva in the 'study and solution of American social problems which have features distinctive from, if not in conflict with, European problems'. By another resolution, the Conference recommended that 'a thorough investigation be made of the social and economic conditions of the intellectual workers of the various scientific, artistic, and literary professions'. The Conference also decided that additional expert commissions should be appointed to assist in the work of codifying international law which had been entrusted to an International Commission of Jurists by the third Conference in 1906. The project for a Pan-American Highway, which had been indicated by President Roosevelt as specially suitable for discussion, received the blessing of the Conference. <sup>3</sup> In section (iv) of this part of the present volume.

Paraguay its fervent desire that the conflict in which the two sister nations are compromising their future and wasting their energies may end, and we offer them the services of all Governments represented at this Conference.

Representatives of Bolivia and Paraguay were present at the session of the committee which adopted this declaration, and both in turn thanked the Conference for its efforts to bring about peace.

Before the committee of the Conference adopted this declaration, the Paraguayans had won an important victory in the Chaco;<sup>1</sup> and the acceptance of a truce a few days later was probably due rather to the change in the military situation than to the action of the Pan-American Conference. Even if the Peace Committee's declaration, with its veiled threat that the other American nations might apply economic sanctions to Bolivia and Paraguay if they continued to prove contumacious, could have been supposed to exercise a decisive influence on the minds of the belligerents, subsequent developments were to deprive the Conference of the credit which it might otherwise have claimed for putting an end to the Chaco war. The announcement of the truce, however, was received by the Conference with great rejoicing, and since the negotiations for its renewal had not yet broken down when the Conference came to an end, the delegates left Montevideo with the comfortable hope that the Chaco dispute was on the way to settlement. Among the last acts of the Conference at its closing session on the 26th December was the adoption of a motion put forward by Mr. Hull which urged Bolivia and Paraguay to accept the terms of peace proposed by the League Commission,<sup>2</sup> and of a recommendation that a conference should be convened at an early date to consider the geographical and economic aspects of the dispute over the Chaco.<sup>3</sup>

On the 15th December, the day on which the Committee on the Organization of Peace adopted its declaration on the Chaco dispute, the committee also passed a resolution calling upon all the American nations to adhere, if they had not already done so, to the five existing general treaties by which the states of the American hemisphere undertook to settle their disputes by peaceful means—that is, the 'Gondra Pact' of 1923;<sup>4</sup> the arbitration and conciliation conventions signed in January 1929 at the Conference on Arbitration and Conciliation in Washington,<sup>5</sup> and the Argentinian 'Anti-War Pact'

<sup>1</sup> See p. 402 below.

<sup>2</sup> See p. 426 below.

<sup>3</sup> See pp. 416 and 426 below.

<sup>4</sup> See the *Survey for 1925*, vol. ii, pp. 414–15.

<sup>5</sup> See the *Survey for 1930*, Part V, section (ii). The Seventh Pan-American Conference also adopted an additional protocol to the Conciliation Convention

which had been signed by six American states on the 10th October, 1933. This last treaty had appeared on the agenda for the Pan-American Conference, but the Committee on the Organization of Peace had decided that, since it was already a *fait accompli*, it was not necessary for its provisions to be discussed. Accordingly, the text of the treaty was read into the records of the Conference without discussion, and it was then declared open for signature by all participating states. There were no further signatures during the session of the Conference, but Mr. Hull was reported to have promised Dr. Saavedra Lamas that the United States Government would give the question of adhering to the pact their favourable consideration.<sup>1</sup>

The Committee on the Organization of Peace also had before it a comprehensive proposal for the establishment of permanent machinery for arbitration and conciliation, including an inter-American Court of Justice, which was submitted by the Mexican delegation. This 'peace code', however, was not laid before the Conference until it had been in session for over a week, and the Peace Committee felt that it would be unable, in the time at its disposal, to study the elaborate provisions of the code with due care. On the 23rd December the Conference adopted a resolution submitting the Mexican proposal, through the channel of the Pan-American Union, for the consideration of the Governments of the states members of the Union.

On the same day (the 23rd December) the Conference also adopted a resolution which was designed to provide 'a method for the peaceful adjustment of disputes between states where other methods are not for any reason in effective operation'. By this resolution, the subscribing Governments declared that 'it shall never be deemed an unfriendly act for any state or states to offer good offices or mediation to other states engaged in a controversy threatening or rupturing their peaceful relations, to the end that such differences may be so

by which the Commissions of Investigation and Conciliation for which the convention provided would become permanent instead of not being appointed until after a controversy had arisen. The text of this additional protocol and of the resolution on adherence to peace instruments will be found in *Documents on International Affairs, 1933*.

<sup>1</sup> There was a rumour to the effect that the United States Secretary of State and the Argentinian Foreign Minister had struck a bargain by which the latter undertook to support the American economic proposals in return for the promise that the United States would sign the anti-war pact. Whether or not there was a bargain of this kind, the United States Government did give the anti-war pact favourable consideration, and on the 27th April, 1934, they formally notified the Argentinian Government of their adherence to the pact. Eleven Latin-American states (Bolivia, Costa Rica, Colombia, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Panamá, Salvador, and Venezuela) adhered on the same day.

composed as to avoid recourse to or to end measures of force between the differing states. The aforementioned good offices or mediation' were not to be 'applicable when other methods of peaceful solution emanating from treaties or agreements between the parties for the peaceful settlement of international disputes' had 'begun to function'.

The other important political question which came up for consideration at Montevideo, that of intervention, was raised, as has been mentioned,<sup>1</sup> by certain proposals which had been submitted to the sixth Conference at Havana in 1928 and had been postponed till the seventh Conference. The Montevideo Conference therefore had before it a draft convention on the rights and duties of states in which it was laid down as a principle of international law that no state had the right to intervene in the affairs of another. The states which were most interested in the adoption of this resolution were, of course, the small countries in Central America and the Caribbean in which intervention by American troops, on the occasion of some disturbance of the peace or of some failure to meet treaty obligations, had been the prelude to the establishment of political and economic dominance by the United States. In spite of the change of policy at Washington on this matter, the development of which has been outlined above, on the eve of the Montevideo Conference the indications were that two at least of the states concerned—Cuba and Haiti—intended to take full advantage of the opportunity to air their grievances which the discussion on the rights and duties of states would afford.

It fell to the leader of the Cuban delegation, Dr. Giraudy, as the representative of the country in which the last Pan-American Conference had been held, to reply to the speech of the Uruguayan President at the opening meeting of the Conference, and some apprehension was felt lest he should seize the occasion to launch a direct attack on the United States. Dr. Giraudy's speech did contain an appeal for the recognition of the Grau San Martin Government (of which he was a member), and it was full of implied criticism of the policy of the United States, but on the whole its terms were less provocative than had been expected. On the proposal of Nicaragua, a Cuban representative was appointed to serve on the sub-committee of the International Law Committee which dealt with the rights and duties of states, but the Cuban delegation did not restrict its campaign to that sub-committee. Thus, during a discussion in the Committee on New Economic Proposals on the 13th December, when the Colombian delegate referred to the United States Government's

<sup>1</sup> See p. 337 above.



non-intervention in Cuba as a proof that that Government's views on political and economic questions were coming into line with those of other American nations, Señor Giraudy indignantly declared that the United States Government were in fact intervening in Cuba by surrounding the island with warships and refusing to recognize the Government which the Cuban people wanted. It was significant that it was Dr. Saavedra Lamas of Argentina who used his authority as chairman of the committee to check the flow of Dr. Giraudy's eloquence. A day or two later, the same committee was the scene of a similar, though less violent, outburst on the part of the Haitian representative, who took occasion to explain that he would like to accept the declaration on tariff policy which was under discussion,<sup>1</sup> but that he must first obtain permission from the American Financial Controller in Haiti.

In the meantime the sub-committee on the rights and duties of states had been making good progress, and by the middle of December it had submitted a draft convention to the International Law Committee. Article 8 of this convention laid it down that 'no state has the right to intervene in the internal or external affairs of another'. Article 9 provided that foreigners should be 'under the same protection of the law' as the nationals of a state and might not 'claim rights other or more extensive than those of the nationals'. The convention also incorporated, in Article 10, the principle that 'differences of any claims' which might arise between states 'should be settled by recognized pacific methods'; and in Article 11 the contracting states definitely established 'as the rule of their conduct the precise obligation not to recognize territorial acquisitions or special advantages which have been obtained by force, whether this consist in the employment of arms, in threatening diplomatic representations, or in any other effective coercive measure'. The territory of a state was declared to be 'inviolable', and it might not be 'the object of military occupation nor of other measures of force imposed by another state directly or indirectly or for any motive whatever, even temporarily'.<sup>2</sup>

When this convention was discussed by the International Law Committee on the 19th December, the Cuban and Haitian representatives renewed their accusations of American interference in their internal affairs,<sup>3</sup> and they were joined on this occasion by the repre-

<sup>1</sup> See p. 349 below.

<sup>2</sup> For the full text of the convention, see *Documents on International Affairs, 1933*.

<sup>3</sup> On the 17th December, at a meeting of the Committee on the Organization

sentative of Venezuela. Mr. Hull, however, took the wind out of the critics' sails by refraining from offering any objection to the adoption of the convention.<sup>1</sup> He contented himself with making the following statement:

The policy and attitude of the United States Government toward every important phase of international relationships in this hemisphere could scarcely be made more clear and definite than they have been made by both word and action especially since the 4th March. I have no disposition therefore to indulge in any repetition or rehearsal of these acts and utterances and shall not do so. Every observing person must by this time thoroughly understand that under the Roosevelt Administration the United States Government is as much opposed as any other to interference with the freedom, the sovereignty, or other internal affairs or processes of the Governments of other nations.

In addition to numerous acts and utterances in connexion with the carrying out of these doctrines and policies, President Roosevelt, during recent weeks, gave out a public statement expressing his disposition to open negotiations with the Cuban Government for the purpose of dealing with the treaty which has existed since 1903. I feel safe in undertaking to say that under our support of the general principle of non-intervention, as has been suggested, no Government need fear any intervention on the part of the United States under the Roosevelt Administration. I think it unfortunate that during the brief period of this Conference there is apparently not time within which to prepare interpretations and definitions of these fundamental terms that are embraced in the report. Such definitions and interpretations would enable every Government to proceed in a uniform way without any difference of opinion or of interpretations. I hope that at the earliest possible date such very important work will be done. In the meantime in case of differences of interpretations and also until they (the proposed doctrines and principles) can be worked out and codified for the common use of every Government, I desire to say that the United States Government in all of its international associations and relationships and conduct will follow scrupulously the doctrines and policies which it has pursued since the 4th March which are embodied in the different addresses of President Roosevelt since that time and in the recent peace address of myself on the 15th day of December before this Conference<sup>2</sup> and in the law of nations as generally recognized and accepted.

of Peace, Mr. Hull had declared that 'the people of the United States strongly feel that this so-called right of conquest must for ever be banished from this hemisphere, and they shun and reject the so-called right for themselves'. Dr. Giraudy had then expressed satisfaction that the American policy of interference had come to an end.

<sup>1</sup> Mr. Hull would apparently have preferred to postpone action on the question of intervention once more by referring the draft convention to a juridical committee, but since the general opinion was against this course he did not press for its adoption.

<sup>2</sup> This was a speech which Mr. Hull made at the meeting of the Committee on the Organization of Peace at which the resolution urging all American states to adhere to the Five Peace Pacts was adopted.

This statement was placed on record as a reservation when Mr. Hull, together with the leaders of all the other delegations, gave a final vote in favour of the convention at a plenary session of the Conference on the 22nd December, and it was subject to this reservation that Mr. Hull affixed his signature to the convention on the 26th December.

In abjuring the right of intervention Mr. Hull was pursuing to its logical conclusion a principle which had guided his predecessor in the office of Secretary of State of the United States; but in the attitude which he adopted at Montevideo towards economic questions Mr. Hull struck out a line of his own, and his initiative was the more remarkable in the light of his experiences at the World Economic Conference,<sup>1</sup> and of the warning which had been uttered by President Roosevelt on the eve of the departure of the American delegation for Montevideo.<sup>2</sup> Mr. Roosevelt's statement that the time was not considered opportune for participation by the United States delegates in discussions on currency stabilization and other important questions which were likely to come up at the Pan-American Conference did not deter the delegates of other countries from proceeding with their preparations to discuss such questions at Montevideo, with or without the co-operation of representatives of the United States; and, indeed, the number of economic and financial projects, supplementary to the agenda, which were submitted to the Conference after it had assembled, was sufficiently large to make it necessary for a special committee to be set up to deal with them. It was in this Committee on New Economic Matters, which was presided over by Dr. Saavedra Lamas of Argentina, that many of the most interesting discussions of the seventh Pan-American Conference took place.

Perhaps the most controversial of the new proposals on economic and financial questions<sup>3</sup> was that put forward by Mexico for the establishment of an inter-American system of money and banking, for the Mexican project included a suggestion for a long-term moratorium on public and private debts. Dr. Puig Casauranc's request that these questions should be discussed by the Conference gave rise to a lively debate in the Steering Committee (a two-thirds vote of which was necessary before new items could be included among the agenda).

<sup>1</sup> See the present volume, Part I, section (ii) (d).

<sup>2</sup> See p. 333 above.

<sup>3</sup> Other interesting proposals were those put forward by Peru and Uruguay. Peru submitted a plan for economic recovery based on the idea that credit must be strictly regulated by an inter-American Central Bank; while Uruguay suggested a tariff truce, on the basis of the tariff level ruling in January 1928, the abolition of sanitary regulations having the effect of trade barriers, and a declaration against import and export quotas.

The proposal for a moratorium was opposed by Argentina, Brazil, and Chile and by other countries which had made sacrifices in order to maintain their foreign debt services. Mr. Hull took a conciliatory line on the matter—partly, perhaps, because he realized that the Mexican delegation were unlikely to receive the necessary amount of support, partly because the official attitude of the Administration at Washington was that it was not interested in the question of a moratorium, since it was private investors in the United States and not the Government who were the creditors of Latin-American countries. In the end it was decided that the Mexican plan should not be examined by the Conference but should be referred to the third Pan-American Financial Conference which was to be convoked at Santiago as soon as possible. The proposal that a Financial Conference should be held at an early date came from the United States delegation, while the Argentinian delegation suggested that, in view of the urgent importance of economic questions and of the limited amount of time which the Seventh Pan-American Conference would be able to devote to them, a special inter-American Commercial Conference should also be convened. The natural result of the adoption of these two proposals by the Conference was that most of the economic and financial projects submitted to it were referred either to the Third Pan-American Financial Conference or to the Commercial Conference which, it was agreed, was to be convened at Buenos Aires immediately after the close of the Financial Conference.<sup>1</sup> Thus the Financial Conference was asked to give further consideration to proposals which were made at Montevideo for the creation of an inter-American organization for economic and financial co-operation,<sup>2</sup> and it was also invited to discuss provisional recommendations which were made by the Economic Committees of the Pan-American Conference on such matters as the stabilization of currencies, commercial arbitration, the promotion of tourist traffic, the protection of patents and the preparation of projects relating to the unification of customs procedure and port formalities and to laws of exchange. The questions which were referred to the Commercial Conference at Buenos Aires

<sup>1</sup> The intention was that the Financial Conference should be held in April or May 1934, but in the early spring of 1934 the Chilean Government, which was to be responsible for convening the Conference, suggested that it would be better to postpone the meeting until October in the hope that by that time currencies would be more stable. In April, the Argentinian Government were said to be considering the desirability of summoning the Commercial Conference at an early date, without waiting for the Financial Conference.

<sup>2</sup> It was suggested that this organization should be composed of a Board of Directors, a consulting Economic Commission, and an inter-American Bank which would exercise the functions of a Central Bank.

included the improvement of communications and the regulation of sanitary restrictions.

The principal achievement of the Seventh Pan-American Conference on the economic plane was the adoption of a declaration on tariff policy which was based on proposals made by Mr. Cordell Hull. The delegates to the Pan-American Conference from countries other than the United States had been pleasantly surprised to find, on their arrival at Montevideo, that Mr. Hull did not appear to consider that he was prohibited in any way by President Roosevelt's statement of the 9th November from entering into discussions on economic questions. He let it be known at once that he was ready to join in the examination of any question which any of his colleagues wished to raise, and he was reported to have told Dr. Saavedra Lamas that he was specially interested in facilitating the economic work of the Conference. His popularity with his fellow delegates was considerably increased when it became known that at a meeting of the Steering Committee on the 5th December he had declared that he had no interest in preventing a discussion of debts, and had strongly criticized the policy of international bankers—who, he pointed out, were not among the supporters of the Roosevelt Administration. Nevertheless, delegates from countries other than the United States hardly expected that Mr. Hull would be able to make any very constructive contribution on his own account to the economic discussions, and their satisfaction was all the greater when they listened to the speech which he made at a meeting of the Economic Committee on the 12th December. On this occasion, Mr. Hull made a strong declaration in favour of the reduction of tariff and trade barriers to a reasonable level, either by means of a system of bilateral commercial treaties on a reciprocal basis, or by means of a general undertaking for a simultaneous lowering of barriers. He suggested that a convention should be drawn up providing for the abolition of import and export prohibitions and making obligatory the principle of unconditional most-favoured-nation treatment. This part of his proposals met with some criticism, but on the whole his declaration was very well received, and among the delegates who strongly supported it was Dr. Saavedra Lamas, the Argentinian Foreign Minister.

There was naturally a certain feeling of perplexity at Montevideo when Mr. Hull enunciated this policy of low tariffs, since his initiative appeared to run counter to the policy which the American delegation had been instructed to follow at the World Economic Conference in London as well as to President Roosevelt's statement of the 9th

November, and an expression of opinion at Washington was therefore awaited with considerable anxiety. The statement which was issued from the White House on the subject was not particularly encouraging, for, although the general tenor of Mr. Hull's speech was approved, it was suggested that no very important result could be expected immediately if the policy which he had outlined were adopted. Nevertheless, the fact that Mr. Hull's proposals were not disavowed was enough to inspire the majority of the delegates at Montevideo with the hope that the Roosevelt Administration would ask Congressional approval for what amounted to a revolutionary change in the commercial policy of the United States. On the 15th December, the Economic Committee of the Pan-American Conference voted unanimously<sup>1</sup> in favour of the adoption of a tariff declaration on the lines suggested by Mr. Hull, and on the following day the declaration was formally adopted by the Conference in plenary session.

In signing this declaration,<sup>2</sup> the delegates bound their respective Governments to subscribe 'to the policy and undertaking, through simultaneous action of the principal nations, of gradually reducing tariffs and other barriers to mutually profitable movements of goods, services, and capital between nations'. In particular, the subscribing Governments, 'while not neglecting unilateral action,' would 'simultaneously initiate between and among themselves negotiations for the conclusion of bilateral or multilateral agreements for the removal of prohibitions and restrictions and for the reduction of tariff rates to a moderate level'. The aim of these negotiations would be to secure 'substantial reductions of basic trade barriers and liberalization of commercial policy . . . and not merely the removal of temporary and abnormal restrictions and increments imposed for bargaining purposes'. Among the duties or restrictions the removal of which was held to be specially desirable were those restricting 'the importation of particular commodities to less than three to five per centum of domestic consumption' and those which had been 'in effect for a considerable period of time without having brought about domestic production equal to fifteen per centum of the total consumption thereof'.

The Governments of the American republics undertook to revive the convention of 1927 for the abolition of import and export prohibitions<sup>3</sup> or to negotiate a new convention for the same purpose.

<sup>1</sup> Some countries made reservations in regard to the proposal that all commercial agreements should include an unconditional most-favoured-nation clause.

<sup>2</sup> For the full text, see *Documents on International Affairs, 1933*.

<sup>3</sup> See the *Survey for 1929*, Part I B, section (i) (b).

The 'principle of equality of treatment' was declared to be 'the basis of all acceptable commercial policy', and accordingly the subscribing Governments undertook to include in their agreements 'the most-favoured-nation clause in its unconditional and unrestricted form, to be applied to all types of control of international trade, limited only by such exceptions as may be commonly recognized as legitimate'.<sup>1</sup>

In order that the policy outlined in the declaration might be carried into effect, the subscribing Governments declared themselves in favour of the establishment of a permanent international agency which would 'closely observe the steps taken . . . in effecting reduction of trade barriers' and furnish information upon request regarding the progress made.

In the last paragraph of the declaration, the Governments of the American republics earnestly called upon 'the appropriate agencies of the World Monetary and Economic Conference at London, now in recess, promptly to co-operate in bringing this proposal to a favourable conclusion'.

The Conference also took the first steps in the direction of giving concrete effect to the principles enunciated in this declaration by adopting on the 24th December a declaration condemning 'the system of quotas of exportation and importation under permits or licences' and appealing to Governments to abolish the system as soon as possible, together with a recommendation that sanitary measures which restricted international commerce in animal or vegetable products should only be applied in consultation with the countries affected.<sup>2</sup>

That Mr. Hull's economic policy, taken in conjunction with his attitude on the question of intervention, made an extremely favour-

<sup>1</sup> The United States delegation had put forward a supplementary proposal in connexion with 'the development of economic relations among the peoples of the World by means of multilateral conventions, the benefits of which ought not to inure to countries which refuse to assume their obligations'. The suggestion was that the Governments of the American republics should bind themselves by a general convention not to 'invoke the obligations of the most-favoured-nation clause for the purpose of obtaining advantages enjoyed by the parties to multilateral economic conventions of general applicability, which include a trade area of substantial size, have as their objective the liberalization and promotion of international trade or other international economic intercourse, and are open to adoption by all countries'. This proposal was discussed, but it did not meet with general acceptance, and the Conference decided that the American draft convention should be deposited at the office of the Pan-American Union and declared open to adherence by all countries.

<sup>2</sup> For the text of these resolutions, see *Documents on International Affairs*, 1933.

able impression on his colleagues at Montevideo was proved by the tone of the speeches which were made at the final session on the 26th December. Dr. Saavedra Lamas, for instance, made a point of congratulating the United States on the welcome new policy towards Latin America which had been revealed in the action and attitude of the United States delegates. Equally significant was the change which took place during the course of the Conference in the attitude of Dr. Puig Casauranc, the Mexican Foreign Minister and leader of the Mexican delegation. Not only did Dr. Puig Casauranc fail to meet with the opposition which he had expected from the United States on his moratorium proposal;<sup>1</sup> he was also induced to modify his views in regard to the danger of United States Imperialism. It has been mentioned<sup>2</sup> that Mexico had registered a protest against the Monroe Doctrine on becoming a member of the League of Nations, and at a meeting of the International Law Committee of the Pan-American Conference on the 19th December Dr. Puig Casauranc launched another attack against the doctrine, which he described as a humiliation for Latin America. Nevertheless, before the Montevideo Conference came to an end the Mexican Foreign Minister had become one of the leading exponents of the view that the Latin-American states could safely believe in the sincerity of President Roosevelt's 'good neighbour' declarations.

The good impression which Mr. Hull created by his acceptance at Montevideo of the convention on the rights and duties of states was confirmed and strengthened when President Roosevelt himself, in a speech delivered before the Woodrow Wilson Foundation in Washington on the 28th December, 1933, two days after the Seventh Pan-American Conference had come to an end, declared explicitly that 'the definite policy of the United States from now on is one opposed to armed intervention'.

The maintenance of constitutional Government in other nations [said Mr. Roosevelt] is not a sacred obligation devolving upon the United States alone. The maintenance of law and orderly processes of government in this hemisphere is the concern of each individual nation within its own borders first of all. It is only if and when the failure of orderly processes affects the other nations of the continent that it becomes their concern; and the point to stress is that in such event it becomes the joint concern of a whole continent in which we are all neighbours.

President Roosevelt believed that it was the general comprehension of this doctrine which had made the Conference at Montevideo a success; and in these circumstances he felt justified in claiming that

<sup>1</sup> See pp. 346-7 above.

<sup>2</sup> See p. 330 above.



'a better state of feeling among the neighbour nations of North and Central and South America' existed at the end of the year 1933 'than at any time within a generation'.<sup>1</sup>

### (ii) Relations between Haiti and the United States (1931-3)

In a previous volume of this series,<sup>2</sup> an account was given of the situation in Haiti which led to the appointment by President Hoover in February 1930 of a Commission under the chairmanship of Mr. W. Cameron Forbes 'for the study and review of conditions in the Republic of Haiti'. The Forbes Commission had reported in March 1930, and by the end of the year the position in Haiti and the relations between the republic and the United States had undergone a marked change for the better as a result of the action which had been taken in accordance with the Commission's recommendations.<sup>3</sup> Elections for Congress had been held in October, without any intervention or supervision by the American authorities, and in the following month the Congress had elected Monsieur Sténio Vincent as President for a term of six years. Before these elections took place, the change in the relations between Haiti and the United States had been symbolized by the recall of the American High Commissioner (a military officer), and his replacement by a civilian Minister, Dr. Dana G. Munro.<sup>4</sup>

The scheme proposed by the Forbes Commission called for the 'increasingly rapid Haitianization of the services' administered by Americans, 'with the object of having Haitians experienced in every department of the Government ready to take over full responsibility at the expiration of the existing treaty',<sup>5</sup> and the new Minister was

<sup>1</sup> A similar claim had been made by Mr. Hull in his final speech at Montevideo two days earlier. 'This Conference', he said, 'has been of the highest importance in international relations. . . . I truly believe it has marked a new epoch in the dealings between the United States and the twenty other peoples of South and Central America, and among all these nations I am not alone in saying that a more thorough understanding has been brought about at Montevideo than at any time in two generations.'

<sup>2</sup> See the *Survey for 1930*, Part V, section (vi).

<sup>3</sup> President Hoover had appointed a second Commission consisting of negro educationalists, headed by Dr. R. E. Moton, who were asked to undertake an exhaustive investigation into the educational system of Haiti. This Commission reported in November 1930, but no immediate steps were taken to carry out the programme which it suggested. Indeed, in June 1933, three years after the Commission had visited Haiti, none of its principal recommendations had yet been put into operation (see Foreign Policy Association of New York: *Foreign Policy Reports*, vol. ix, No. 8, 21st June, 1933).

<sup>4</sup> Dr. Munro resigned in the summer of 1932 and was succeeded by Mr. Norman Armour.

<sup>5</sup> The period of validity of the agreement of the 16th September, 1915, which had transformed Haiti into a virtual protectorate of the United States,

'charged with the duty of carrying out the early Haitianization of the services . . . whether or not a certain loss of efficiency' was entailed. As for the American marines who were stationed in Haiti, the Forbes Commission had considered that their immediate withdrawal would be inadvisable, but they recommended 'their gradual withdrawal in accordance with arrangements to be made in future agreement between the two Governments'. The Commission had also proposed that 'the United States limit its intervention in Haitian affairs definitely to those activities for which provision is made for American assistance by treaty or by specific agreement between the two Governments'; and that 'the new Minister be charged with the duty of negotiating with the Haitian Government further modifications of the existing treaty and agreements providing for less intervention in Haitian domestic affairs and defining the conditions under which the United States would lend its assistance in the restoration of order or maintenance of credit'.

Negotiations between the American Minister and the Haitian Government were opened in November 1930, but they did not proceed altogether smoothly, owing to a difference of opinion as to the rate at which it was practicable and desirable for the 'Haitianization' of the services to be carried out. The Haitian view was that Haitians who had been trained under American officials and who were capable of running the services efficiently were already available in sufficient numbers to justify an immediate transfer of responsibility; but the American officials held that the transfer must be gradual, since they feared that their abrupt withdrawal would result in the breakdown of the organization which they had built up. They also considered it important that the rights conferred on American officials by the treaty should be respected so long as the services remained under American control, and there was a considerable amount of friction in the early months of 1931 over alleged Haitian attempts to interfere unduly with the work and responsibility of the 'treaty officials'. Before the appointment of the Forbes Commission, Haitian discontent had manifested itself principally in connexion with the system of vocational and agricultural education which was known as the 'Service Technique'. In 1930, after the Forbes Commission had reported, difficulties had arisen over the appointment of a new chief of the Technical Bureau of the Department of Agriculture, and the Haitian Government refused to confirm the

had been extended from ten to twenty years by a protocol signed on the 28th March, 1918. The original agreement came into force on the 3rd May, 1916, and it was thus due to expire in May 1936.

appointment of President Hoover's nominee, Dr. Colvin.<sup>1</sup> These difficulties remained unsolved, and the Technical Bureau was still nominally without a head in the middle of 1931. Trouble also arose in the Public Works Department, which was in the charge of an American naval officer, because of attempts by the Haitian Minister of Finance and Public Works, Monsieur Thoby, to appoint subordinate officials and exercise jurisdiction over projects which had been put in hand by the department. A dispute over these questions was settled by the intervention of the American Minister in January 1930, but the Haitian Press continued to attack the administration of the Public Works Department with special vehemence.

It was a proof of the sincerity of the American Government's desire to withdraw from Haiti that this atmosphere of recrimination was not permitted seriously to interfere with the progress of the negotiations for Haitianization of the services under American control. On the 5th August, 1931, an agreement was signed providing for the transfer to Haitian control, as from the 1st October, 1931, of the Department of Public Works, the Service Technique, and the Public Health Service,<sup>2</sup> and for the abrogation of rights possessed by the American authorities in connexion with proposed Haitian legislation and payments by the Haitian Secretary of Finance. At the same time, the American military authorities withdrew the proclamation of martial law, under which they had been able to override any opposition from Haitian officials, and thus technically put an end to the American 'occupation' of Haiti.

After the 1st October, 1931, however, the American authorities in Haiti still continued to be responsible for the Garde—the Haitian military and police organization—and about 750 American marines remained in the territory of the republic, though the Department of State at Washington expressed the hope that sufficient progress might be made with the task of training the Garde to enable the marines to be withdrawn before the expiration of the treaty in 1936. The office of Financial Adviser-Receiver General was also not abolished, since American control of Haitian finances was exercised not only in virtue of the treaty of 1915 but was also bound up with the existence of a loan which had been issued in 1922.

<sup>1</sup> See the *Survey for 1930*, pp. 416–17. Under an agreement signed in April 1923, the Haitian Government had undertaken to appoint to this post the person nominated by the President of the United States.

<sup>2</sup> For the protection of the health of the American troops and officials still stationed in Haiti it was arranged that an American scientific mission should continue to be responsible for the control of sanitation at Port au Prince and Cap-Haïtien.

Under the treaty of 1915, an American official had become responsible for the collection of the Haitian customs, but this function would have terminated with the expiration of the treaty if it had not been for the terms of a protocol signed in 1919. By this protocol Haiti agreed to the flotation of a loan in the American market<sup>1</sup> and authorized the Government of the United States to nominate an official to control the collection of the revenues (including certain internal revenues as well as the customs) which were pledged as security for the loan. Bonds to a total of \$23,660,000 were issued in 1922<sup>2</sup> for a term of thirty years, and the United States Government were thus entitled to retain a considerable measure of control over Haiti's finances until 1952 unless the loan were liquidated at an earlier date.

This prospect became increasingly unwelcome to the Haitian public as American control over other departments of the administration was relaxed.<sup>3</sup> The Administration at Washington, however, held that the responsibility towards the bondholders which the Government of the United States had accepted in signing the protocol of 1919 made it impossible for control of the pledged securities to be abandoned so long as any portion of the loan remained unamortized.<sup>4</sup> In his message to Congress on the 10th December, 1931, President Hoover referred to this question in the following terms: 'It must be borne in mind that investors have supplied capital desired by Haiti and that securities have been issued to them on the faith and credit of the provisions of that treaty and the American financial control which it provided during the life of the bonds.' This declaration aroused considerable resentment in Haiti, and on the 22nd December, 1931, President Vincent addressed a note to the Government of the United

<sup>1</sup> The purpose of the loan was to liquidate Haiti's outstanding foreign and internal debts, to provide for the payment of awards made by a Commission set up to adjudicate claims against the Haitian Government, and to finance certain public works.

<sup>2</sup> The greater part of the issue was bought by the National City Company of New York.

<sup>3</sup> According to the evidence given by a Haitian representative before the Senate of the United States in February 1932 (in connexion with the hearings on a resolution providing for an investigation of foreign securities offered in the United States since the General War of 1914-18), the Haitian public believed that the loan had been contracted only as the result of pressure from the United States, and that it had resulted in immense profits to American banks. In 1931 the Haitian Congress passed resolutions declaring that the loan protocol of 1919 was invalid, since it had not been approved by the Haitian legislative authority. It was pointed out by the State Department at Washington, however, that under the Constitution of 1918 the acts of the executive power in Haiti did not require ratification.

<sup>4</sup> The debt had been reduced to about \$15,000,000 by the end of 1931.

States in which he contended that the protocol of 1919 did not authorize the continuance of the American customs receivership after the expiration of the 1915 treaty in 1936. The Haitian Government suggested<sup>1</sup> that the existing arrangements for financial control should be replaced by a plan under which the National Bank of Haiti (a branch of the National City Bank of New York) would act as a Fiscal Agency, and the collection and allocation of the revenues pledged to the service of the loan would be supervised by an American Inspector-General and two American assistants. The Haitian Government declared that Haiti was 'the only country in the World making advance payments for the last years on the interest and amortization of its public debt', and they considered that it was 'not possible... that for a miserable \$15,000,000 owing to a handful of American capitalists the United States' should 'continue any longer by its military and political domination over Haiti to bear pressure upon the destinies of an American republic, the second in this hemisphere to acquire its independence'.<sup>2</sup> The State Department at Washington did not consider that the proposed plan for a Fiscal Agency would afford sufficient protection to American bondholders, and, while they agreed that the customs receivership, as such, would not continue after 1936, they maintained that the United States Government were 'entitled to insist upon such arrangements as in the reasonable view of the United States' would 'assure the carrying out of the obligations in the 1919 protocol'.<sup>3</sup> They declared that they would be willing to examine any proposals for refunding the loan and that they were also ready to negotiate an agreement outlining the nature of the financial control to be exercised by the United States after 1936.

After lengthy negotiations, President Vincent and his Government gave way on the financial question, and on the 3rd September, 1932, a treaty of friendship<sup>4</sup> was signed providing for the termination of the American occupation of Haiti on the 31st December, 1934. By that date, the Haitianization of the Garde would be completed and the American marines and the American scientific mission would be withdrawn. It was stipulated, however, in a supplementary exchange of notes, that 'if serious disturbances or other difficulties in Haiti now unforeseen should arise', it might prove impossible to carry out the Haitianization of the Garde by the end of 1934; and, in any case, after the withdrawal of the marines the United States Govern-

<sup>1</sup> The suggestion for a Fiscal Agency had been put forward in October 1931.

<sup>2</sup> Note dated the 17th January, 1932, from the Haitian Minister in Washington, quoted in *Foreign Policy Reports*, vol. ix, No. 8.

<sup>3</sup> State Department, *Press Releases*, 23rd April, 1932, quoted in *loc. cit.*

<sup>4</sup> The text was published in *The New York Times* of the 9th September, 1932.

ment were authorized to maintain a military mission in Haiti to 'complete the instruction, training and discipline of the Garde'. In regard to financial arrangements, the agreement provided that the collection of customs should continue, until the final liquidation of the 1922 loan, to be under the supervision of two American officials, the Fiscal Representative and the Deputy Fiscal Representative. The collection of internal revenue would be under Haitian control, but the Fiscal Representative would be entitled to inspect the service and the Haitian Government would accept any recommendations which he might make. The Haitian Government undertook to balance the budget annually and take other measures in agreement with the Fiscal Representative. The Government of the United States promised that they would raise no objection if the Haitian Government could make arrangements satisfactory to the bondholders for the refunding of the 1922 loan—it being understood that the American financial supervision would terminate as soon as the refunding operation was completed.

It will be seen that these provisions left the American authorities free to exercise a substantial measure of control over the finances of Haiti until such time as the loan was liquidated, and indeed many Haitian critics took the view that the Fiscal Representative would possess more extensive powers than those which had been conferred on the Financial Adviser-Receiver General by the treaty of 1915. There was also much criticism of the reservation regarding the suspension of Haitianization of the Garde in case of unforeseen difficulties, and of the proposal for the appointment of a military mission. It was felt that these provisions would give the United States the opportunity of maintaining American troops in Haiti for an unlimited period. On the 15th September, 1932, the Haitian National Assembly, to which the agreement had been referred for ratification, unanimously rejected it.<sup>1</sup> In subsequent correspondence which passed between the Haitian Government and the State Department at Washington, the latter made it clear that the transfer of the Garde to Haitian control and the withdrawal of the American marines before 1936 were contingent upon a definitive settlement of the financial issue—a statement which was interpreted in Haiti as a 'decision to do nothing until after 1936'. The State Department also did its best to refute Haitian criticism of the agreement of the 3rd September by declaring that the proposed Fiscal Representative would possess considerably less power than the Financial Adviser-Receiver General

<sup>1</sup> A new National Assembly, of a strongly anti-American complexion, had been elected in January 1932.

and that the withdrawal of the American marines would only be suspended temporarily in the case of a 'serious emergency'.

The relations between Haiti and the United States were not improved as a result of the inquiry held by the Banking and Currency Committee of the United States Senate in February 1933, which led to the resignation of the chairman of the National City Bank of New York, since the National City Company, which held the greater part of the bonds issued under the Haitian loan protocol of 1919, was a subsidiary company of the National City Bank. In April 1933 the discovery that an American customs collector in Haiti was involved in certain frauds stimulated still further the opposition to the continuance of American financial supervision, but the situation was eased when the United States Government decided to waive the immunity which the fraudulent customs collector enjoyed as a 'treaty official' and surrendered him to the jurisdiction of the Haitian courts.

This was one of the first indications that President Roosevelt's Administration intended to continue the policy of relaxing political control over Caribbean countries which had been inaugurated towards the end of President Coolidge's term of office and had been carried on under President Hoover. The favourable impression which this act created was confirmed by the development of the new Government's Latin-American policy,<sup>1</sup> and the atmosphere was therefore favourable to the resumption of the negotiations between Haiti and the United States. The outcome of these negotiations was the signature on the 7th August, 1933, of a new agreement, which was substantially on the same lines as that of September 1932, though it contained certain important modifications. The Haitianization of the Garde was now to be completed by the 1st October, 1934, instead of the 31st December, and the withdrawal of the marines was to begin on the 1st October and be completed within thirty days. The reservation regarding the temporary suspension of these arrangements in case of unforeseen circumstances was omitted, and an American military mission was only to be appointed at the request of the President of Haiti, who would also determine the powers to be granted to the mission. Thus, so far as the Haitianization of the Garde was concerned, the objections which had been raised to the terms of the 1932 agreement were fully met. In regard to the supervision of Haitian finances in the interest of American bondholders, provision was still made for the appointment of an American Fiscal Representative and his deputy, but the powers of those officials were somewhat

<sup>1</sup> See the present volume, section (i) of this part.

curtailed, particularly in respect of the internal revenue service, and it was expressly stipulated that the number of Americans employed as assistants by the Fiscal Representative might not exceed eighteen. An important new article was added fixing as the limit of operation of the agreement the year 1944 (the date by which, under normal conditions, the operation of the sinking fund would have resulted in the complete amortization of the 1922 loan) and stipulating that the period should not be extended by the issue of any more bonds. At the same time, the possibility of an earlier refunding of the loan was allowed for in the same way as in the 1932 agreement.

One important difference between the treaty of 1933 and that of 1932 was that the former was an 'executive agreement' which did not require ratification by the legislative bodies of Haiti and the United States. The agreement had been drawn up in this form as a result of the experience of the previous year, but the fact that its provisions would come into force automatically did not imply the absence of any opposition to those provisions among the people of Haiti. There was still a strong feeling that the desire of Haiti to regain complete financial autonomy ought to outweigh consideration of the interests of American bondholders. In the middle of November 1933 President Vincent wrote to President Roosevelt asking for the early withdrawal of financial control, but on this point President Roosevelt's Administration took the same view as their predecessors. In his reply to President Vincent, President Roosevelt explained that the United States Government would have been only too glad to discontinue control of Haitian finances without delay if they had not been under 'unescapable obligations' to the bondholders who had risked their money on the understanding that the Governments of Haiti and the United States would carry out the provisions of existing agreements in good faith. At the same time, President Roosevelt declared explicitly that his Government would welcome the conclusion of a refunding agreement which would put an end to the necessity for financial supervision. The Seventh Pan-American Conference which was held at Montevideo in December 1933 gave the Haitian Government the opportunity of returning to the attack. Unofficial discussions took place between Haitian delegates and Mr. Cordell Hull, President Roosevelt's Secretary of State, on board ship on the way to Montevideo, in the course of which the Haitians were said to have reverted to the idea that the National City Bank might act as an agent for the collection of customs. Mr. Hull appears to have told the Haitian delegation that any further proposals which their Government might wish to make should be communicated to



Washington through the American Minister in Haiti, and that such proposals would receive sympathetic consideration. Thereafter, the Haitian delegates supported their colleagues from Cuba at the Montevideo Conference in attacking the United States on the score of intervention in Caribbean countries, and helped to secure the adoption by the Conference of a declaration condemning intervention by one state in the internal or external affairs of another.<sup>1</sup>

The acceptance of this declaration by the United States delegation and the general attitude adopted by that delegation during the Montevideo Conference seem to have gone far to convince the representatives of Haiti, as well as those of other countries, that the Roosevelt Administration was sincerely endeavouring to act the part of a 'good neighbour' in its relations with other American countries. The improvement in the atmosphere was marked when, in March and April 1934, President Vincent of Haiti paid a month's visit to the United States. At Washington on the 15th April he had an opportunity of discussing outstanding questions with President Roosevelt and members of the Government, and the two Presidents issued a joint statement announcing that they had discussed 'in the most friendly and cordial manner the different problems arising in the relations between the Governments of the United States and of Haiti'. President Roosevelt, it was stated, intended to ask Congress for authority to make a gift to Haiti, on the departure of the United States marines in October 1934, 'of a portion of the Marine Corps material which the Haitian Government' felt 'would be useful to it'. The two Presidents had 'exchanged views regarding the possibility of a commercial agreement which would increase the flow of goods between the two countries'. They had also 'discussed a new form of financial administration' which was satisfactory to their two Governments and which should, in their opinion, 'be equally satisfactory to the holders of the bonds of the 1922 loan'. They were both 'inclined to the belief that the policy of the good neighbour' would be 'signally manifested in the results' which would be obtained from their exchange of views and from negotiations which were taking place 'with a view to the practical application of the decisions reached in principle' during their conversations. The statement ended with an expression of faith that Haiti would 'now be in a position to look forward to her future with the greatest confidence'.

The proposal for a 'new form of financial administration' which was discussed at Washington was submitted to the Haitian Congress for approval after President Vincent's return. The proposal was

<sup>1</sup> See section (i) of this part of the present volume.

reported<sup>1</sup> to be on the following lines. The National City Bank of New York would sell its branch, the Banque Nationale d'Haiti, to the Haitian Government for the sum of approximately \$1,000,000. The new National Bank would be governed by a Board of Directors appointed by the President of Haiti, but until the American loan had been amortized the majority of the members of the Board would be Americans, who would be selected by the President from a panel presented to him by the Foreign Bondholders' Protective Council and the National City Bank. As soon as these arrangements had been approved by the Haitian Congress, a new treaty would be signed between the United States and Haiti abrogating the occupation agreement of 1915 and the loan agreement of 1919, and the American customs receivership would immediately come to an end. Thereafter the collection of customs would be in Haitian hands, and a system of inspection would be organized by the National Bank. The Bank would also be the sole depository of Government funds, and would be responsible for making payments on the American bonds in accordance with the loan contracts. Moreover, it was understood that the Haitian Government were prepared to give an undertaking to consult the Directors of the Bank in connexion with budgetary questions.

These proposals were designed to ensure the immediate restoration of full sovereignty to Haiti, while safeguarding the interests of American bondholders by non-political means. Nevertheless, a certain amount of opposition—apparently inspired by political hostility to President Vincent—was exhibited when the arrangements were discussed by the Haitian Congress, and at the beginning of August 1934 the proposal had not yet been accepted by Haiti.

### (iii) Relations between Cuba and the United States (1898–1934)

The geographical position of Cuba made it inevitable that her affairs should be of the deepest interest to the United States, the reasons for this being in part economic and in part political or strategic. The political aspect was the first to attract the attention of the United States, since Cuba lay nearer to that country than any other Caribbean island and was so situated as to control all communications in the Gulf of Mexico and also the inter-oceanic routes across Central America. As the island had many harbours suitable for naval bases it was of great importance to the United States

<sup>1</sup> See Foreign Policy Association of New York: *Foreign Policy Bulletin*, vol. xiii, No. 1 (1st June, 1934).

that no strong and possibly aggressive foreign Power should gain possession of it.

During the nineteenth century the United States had considered the possibility of acquiring the island by conquest, or preferably by purchase, to which end negotiations had been opened with Spain in 1848. There was much support for this proposal, especially in the Southern States before the abolition of slavery, but it met with considerable opposition from those who held that Cuba was as yet too undeveloped a country to be included in the Union. An alternative solution was that the island might well remain under Spanish sovereignty if it were granted a larger measure of self-government. There was, however, considerable sympathy with those Cubans who desired complete independence and who with that end in view made repeated attempts at revolution. The first revolt of 1849-51 and the ten years' war of 1868-78 were both unsuccessful; but fighting broke out again in 1895 and had already lasted three years when reports of Spanish atrocities, and finally the unexplained and dramatic sinking of the American warship *Maine* on the 15th February, 1898, stirred up public opinion in the United States to the point of demanding war with Spain.

On the 11th April, 1898, President McKinley submitted a message to Congress declaring that 'in the name of humanity, in the name of civilization, in behalf of endangered American interests which give us the right and the duty to speak out and to act, the war in Cuba must stop'.<sup>1</sup> Congress replied with the Joint Resolution of the 20th April empowering the President to use the army and navy to end Spanish rule in Cuba. This resolution did not recognize the independence of the Cuban Republic, but an amendment to it proposed by Senator Teller contained the following statement of policy:

That the United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction or control over said island except for the pacification thereof, and asserts its determination, when that is accomplished, to leave the government and control of the island to its people.<sup>2</sup>

Relations between Spain and the United States were broken off on the 21st April, and on the 26th July, after hostilities had lasted for about three months, Spain offered to enter into peace negotiations. By the Treaty of Paris of the 10th December, 1898, Spain ceded to the United States the Philippine Islands, Guam, Puerto Rico, and other West Indian Islands. Provisions regarding her relinquishment

<sup>1</sup> Quoted from Charles E. Chapman: *A History of the Cuban Republic* (New York, Macmillan, 1927), p. 90.

<sup>2</sup> *Op. cit.*, p. 91.

of sovereignty over Cuba were contained in the following articles of the treaty.

Art. 1. Spain relinquishes all sovereignty over and title to Cuba. And as the island is, upon its evacuation by Spain, to be occupied by the United States, the United States will, so long as such occupation shall last, assume and discharge the obligations that may under international law result from the fact of its occupation, for the protection of life and property.

Art. 16. It is understood that any obligations assumed in this treaty by the United States with respect to Cuba are limited to the time of its occupancy thereof; but it will upon the termination of such occupancy advise any Government established in the island to assume the same obligations.<sup>1</sup>

The United States occupation of Cuba lasted from the 1st January, 1899, to the 20th May, 1902. General Brooke, the first Military Governor, and his successor, General Wood, undertook with great energy the 'pacification' of the island, including not only famine relief and the re-establishment of law and order but also the development of education and the creation of health services. One important result of their activities was that the cause of yellow fever was discovered and the disease stamped out in the island.

Meanwhile a Convention had been elected to draw up a Constitution and to make proposals regarding future relations with the United States. The Government of the latter country, though it had disclaimed any wish to exercise sovereignty over Cuba, nevertheless desired to safeguard its special interests. These safeguards were first formulated in an amendment proposed by Senator Platt to the Army Appropriations Bill which passed the Senate on the 27th February, 1901, and the House on the 1st March. The following are the more important clauses of this amendment:<sup>2</sup>

(1) That the Government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization, or for military or naval purposes or otherwise, lodgment in or control over any portion of the Island.

(2) That [the] said Government shall not assume or contract any public debt, to pay the interest upon which, and to make reasonable sinking fund provision for the ultimate discharge of which, the ordinary

<sup>1</sup> See United States: Senate: *Treaties, Conventions, &c.*, 1776-1909, pp. 1691, 1695.

<sup>2</sup> U.S. Bureau of Insular Affairs: *Acts of Congress . . . relating to non-contiguous territory and Cuba* (Washington, U.S. Government Printing Office, 1907), pp. 254-61.

revenues of the Island, after defraying the current expenses of Government, shall be inadequate.

(3) That the Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a Government adequate for the protection of life, property and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba.

Other clauses of the Platt Amendment provided for the validation of all acts of the United States during the military occupation, the maintenance of health services, the omission of the Isle of Pines from the constitutional boundaries of Cuba,<sup>1</sup> and the sale or lease of sites for naval or coaling stations.<sup>2</sup> The amendment was to be embodied in a treaty 'by the way of further assurance'.

The right of intervention claimed in clause 3 was interpreted and somewhat qualified by the then Secretary of War, Mr. Elihu Root, in a letter of the 3rd April, 1901, to General Wood, and in subsequent interviews with a Cuban Commission headed by Dr. Méndez Capote which went to Washington to discuss the question. In the letter to General Wood, Mr. Root wrote:

You are authorized to state officially that in the view of the President the intervention described in the third clause of the Platt Amendment is not synonymous with intermeddling or interference with the affairs of the Cuban Government, but the formal action of the Government of the United States, based upon just and substantial grounds, for the preservation of Cuban independence, and the maintenance of a Government adequate for the protection of life, property and individual liberty, and adequate for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States.<sup>3</sup>

In an interview with the Cuban Commission, Mr. Root was reported<sup>4</sup> to have declared that

the United States Government does not wish and is not attempting to intervene in the Cuban Government. . . . Let the Cubans be firmly convinced that this clause [Article 3 of the Platt Amendment] is aimed

<sup>1</sup> For the relinquishment by the United States of its claim to the Isle of Pines see the *Survey for 1925*, vol. ii, pp. 434-6.

<sup>2</sup> Bahía Honda and Guantánamo Bay were leased at a nominal rent for this purpose, but by a treaty of the 27th December, 1912, the United States exchanged its rights at Bahía Honda for increased facilities at Guantánamo.

<sup>3</sup> Chapman, *op. cit.*, p. 142.

<sup>4</sup> Dr. Méndez Capote's Commission reported to the Cuban Constitutional Convention on the 2nd May, 1901. The text of Mr. Root's statement on intervention was published by the Cuban Government, in Spanish, in 1918, and a translation into English was published by the Foreign Policy Association of New York in 1929 (see 'Cuba and the Platt Amendment' in *Information Service*, vol. v, No. 3, 17th April, 1929).

solely and exclusively at the good of Cuba. This clause is simply an extension of the Monroe Doctrine, a doctrine which has no international force recognized by all nations. Cubans accept the Monroe Doctrine, and this clause is the Monroe Doctrine, but with international force. By virtue of this clause the European nations will not question the intervention of the United States in defence of Cuban independence. The first and third bases preserve the United States from seeming to be the aggressor when it faces other nations to defend the independence of Cuba. These clauses signify, further, that no nation may menace Cuban independence without preparing to combat the United States. Any nation which attempts to intervene in Cuba will have to declare war on the United States, thus becoming the aggressor, a position which gives the United States obvious advantages under international law. . . . These clauses do not give the United States greater rights than it had at the time of its recent intervention—rights which it has already exercised. . . . Intervention in Cuban affairs will be resorted to only in case of great disturbances, similar to those which occurred in 1898, and with the sole and exclusive object of maintaining Cuban independence unimpaired. Intervention will only take place to protect the independence of the Cuban Republic from foreign attack, or when a veritable state of anarchy exists within the republic. This clause does not diminish Cuban independence; it leaves Cuba independent and sovereign under its own flag. The United States will only come to the rescue in extreme cases to help Cuba to preserve its absolute independence. . . .

In spite of Mr. Root's assurances, there was strong opposition in Cuba to the third clause of the Platt Amendment, which would give the United States the treaty right of intervention. After much discussion, the Cuban Constitutional Convention adopted the Platt Amendment on the 12th June, 1901, as an appendix to the Constitution, and it was later embodied in a Permanent Treaty signed at Havana on the 22nd May, 1903.

The Cuban Constitution already contained, in Article 59, a clause requiring that loans should be sanctioned by Congress and that in each case special taxation should be voted to provide for debt service. The additional financial safeguards of the Platt Amendment were taken to mean that any increase in the public debt must be approved by the United States, which also had the right to object to any fiscal measure. Several Cuban Administrations succeeded in evading this control, the easiest way to do so being to increase the floating debt. Another consequence was that the public was left to infer that the United States guaranteed that loan service could be met out of revenue.

It seemed to many Cubans that the United States had established a virtual protectorate over them in such a way as to prevent them from ever gaining the political and administrative experience that

had been denied them by the Spanish colonial system from which they had been the last Latin-American nation to free themselves. 'Feeling the threat of political intervention, the Cuban's sense of responsibility was undermined and with it his power of self-correction.'<sup>1</sup> This 'furtive political dependence' led to 'calamitous mimicry';<sup>2</sup> for the Cuban Constitution, like that of the United States, provided for a strong executive and a large electorate. In such a country as Cuba the inevitable consequences were dictatorship, revolution, and dissatisfied factions intriguing for foreign intervention.

During the following thirty years the possession of the right of intervention was an effective sanction behind the United States influence over Cuban affairs. In September 1906 a revolution broke out against Don Tomás Estrada Palma, who had been re-elected President in 1905. The President himself officially requested intervention and offered to hand the Government over to a representative of the United States. President Theodore Roosevelt stated in a letter to the Cuban Minister at Washington that he would send Mr. Taft, Secretary of War, and Mr. Bacon, Assistant Secretary of State, to work for a peaceful solution; intervention would follow only if Cuba showed that she had 'fallen into the insurrectionary habit, that she' lacked 'the self restraint necessary to insure peaceful self-government, and that her contending factions' had 'plunged the country into anarchy'.<sup>3</sup>

In the absence of any compromise between the factions, Mr. Taft announced on the 29th September, 1906, that until further notice Cuba would be provisionally governed by the United States under the Cuban flag. On the 12th October Mr. Charles E. Magoon succeeded Mr. Taft as Provisional Governor and remained in office till the 26th January, 1909. On that date a Cuban Government returned to power under General José Miguel Gómez, the successful candidate in the presidential election of 1908, which had been held under United States supervision.

The question of intervention was next raised by the United States Government on the 17th January, 1912, when Secretary Knox sent a note to the Cuban Government regarding the increasing unrest caused by the Veteranist movement. His note stated that the United States felt 'grave concern' at the situation, and recommended that Cuba should prevent any development which might compel the United States 'to consider what measures it must take'.<sup>4</sup> This

<sup>1</sup> See Jorge Mañach: 'Revolution in Cuba', in *Foreign Affairs* (N.Y.), Oct. 1933, pp. 46-56.

<sup>2</sup> *Op. cit.*, *loc. cit.*

<sup>3</sup> Chapman, *op. cit.*, p. 202.

<sup>4</sup> Chapman, *op. cit.*, p. 307.

warning certainly influenced the leaders of the movement against attempting a revolution.

The Cuban Government, in their turn, availed themselves of the provisions of the Permanent Treaty, on an occasion when Great Britain, France, and Germany made joint representations regarding the claims of their nationals. A Cuban note of the 9th February, 1912, reminded the United States Government that the same treaty which gave the United States the right of intervention also required it to defend Cuba 'when those who are stronger than we, menace us for reasons that are . . . debatable'.<sup>1</sup>

In May 1912, on the occasion of a negro rising, the United States Government again addressed a note to Cuba 'announcing certain United States naval dispositions in Cuban waters', and stating that troops would be landed if the Cuban Government proved unable to protect American lives and property. The note added that 'this ought not to be considered as an intervention';<sup>2</sup> but President Gómez replied that such action would constitute intervention and should not be taken without previous agreement with Cuba. President Gómez was, however, finally obliged to acquiesce in the landing of American marines.

Cuba was again on the brink of civil war at the turn of the years 1916-17, a time when the increasing probability of war with Germany made the United States more than usually anxious to protect the Cuban sugar crop from damage. Mr. William Elliott Gonzales, the American Minister to Cuba, was therefore instructed to issue notes to the press to the effect that the United States would support no Government that came into power by unconstitutional means, and would also hold the revolutionaries responsible for any damage to crops. This determined attitude made it inevitable that the revolution of February 1917 should peter out after a few months of hostilities, during which American marines occupied Santiago, Guantánamo, Manzanillo, and Nuevitas and were sent inland to protect the mines of El Cobre. Meanwhile the United States had declared war on Germany on the 6th April and Cuba had followed suit the next day. In the course of the next summer United States troops were landed to protect the sugar crop in the provinces of Camaguey and Oriente, where they remained till 1922.

The next intervention was due to the political and financial crisis of 1920-1. In 1919 both political parties had agreed to the revision

<sup>1</sup> Quoted from Harry F. Guggenheim: 'Amending the Platt Amendment' in *Foreign Affairs* (New York), April 1934, p. 454.

<sup>2</sup> Chapman, *op. cit.*, p. 311.



of the electoral code and had invited an American soldier and administrator, General Enoch H. Crowder, to assist in the work, but after the elections of 1920 the Liberals accused the Conservative and Popular parties of keeping themselves in power by fraud and violence. It was at the request of the United States Government, without any invitation from Cuba, that General Crowder returned to supervise the settlement of Cuban election disputes, and to advise as to the carrying out of financial reforms. He acted as personal representative of the President of the United States until January 1923, when he was appointed the first American Ambassador to Cuba, an office which he held till 1927. The Cuban Government were induced to consider his proposals more favourably because they were in need of financial assistance, and in 1921 and 1923 two loans, one of \$5,000,000 and the other of \$50,000,000, were obtained from J. P. Morgan & Co.

During the first twenty years of Cuban independence the strategic value of the island had gradually become of less immediate interest to the United States, since the latter had now risen to the position of a Great Power. There was no longer reason to fear that any European country would take advantage of a state of anarchy in Cuba to annex the island as a step to further aggression. On the other hand, the economic relations between the two countries grew continually closer, since it was one of the inevitable consequences of Cuba's geographical position that she should become a convenient field for American economic expansion. Though she lay within easy reach of the United States, her products, owing to a more tropical climate, were complementary to those of that country, which was her chief market and source of supply. Her natural resources enabled her to produce certain specialized crops with great success, but she was not self-supporting and had to import grain, rice, and other food-stuffs. The great expansion of the sugar industry made her practically a one-crop country, dependent for her existence upon world forces of supply and demand. In consequence, she went through great vicissitudes of prosperity and disaster, owing to the success or failure of crops, international price fluctuations, and changes in the tariff policy of the United States. The need for modern machinery and large scale production also revolutionized the economic life of Cuba by encouraging the development of large estates at the expense of the former system of small plantations. Between 1860 and the time of writing an increasing amount of land was given up to sugar cultivation, replacing coffee, timber, or tobacco, until sugar estates occupied 20 per cent. of the total area of Cuba and 40 per cent. of the cultivable land, while, owing to the absorption of many of the smaller estates,

the number of sugar mills fell from about 2,000 to about 180. The mills on the large estates or *centrales* also ground cane from small plantations owned or rented by *colonos*. As there were few means of transport other than the private railways leading to each *central*, the *colono* had generally only one buyer for his cane, and little opportunity of marketing any other crop, unless he had the good fortune to be within reach of more than one *central* or of a public railway. In good times the *colonos*, who were paid on the basis of the price of the sugar, shared in the prosperity enjoyed by the rationalized industry, and the standard of living of the workers was high compared to that of other Latin-American countries; but both *colonos* and labourers suffered in bad times, when the large companies were restricting production, reducing costs on their own estates, and employing cheap seasonal labour from Haiti or Jamaica. All Cubans engaged in the sugar industry depended, in fact, for their livelihood upon the *centrales*, the management and control of which had largely passed into American hands.

Even at the time of the Spanish-American War much American capital was invested in sugar enterprises, while the Platt Amendment not only safeguarded investments in Cuban Government loans but also encouraged private undertakings for the development of the island, especially sugar estates, since it was expected that the United States would intervene to protect them in times of revolution. As to the relation between American economic interests and the Permanent Treaty, it has been said that 'the Treaty conduces to the growth of the economic interests, and the growth of the economic interests conduces in turn to the permanence of the Treaty'.<sup>1</sup>

A Reciprocity Treaty signed on the 11th December, 1902, was meant to provide economic compensation in return for the political concessions made by Cuba in the Permanent Treaty. The United States granted a preference of 20 per cent. on dutiable articles which were 'products of the soil or industry of Cuba', while Cuba granted the United States a preference of from 20 to 40 per cent. on similar products. This treaty was advantageous to Cuban industries until about 1909, when Cuba had become practically the sole importer of duty-paying sugar into the United States and had at the same time a considerable surplus to export to other countries. Now that competition from other foreign sugar was at an end, the degree of preference was less important to Cuba than the actual level of the American tariff, the repeated raising of which placed her at a disadvantage with

<sup>1</sup> See Philip G. Wright: *The Cuban Situation and our Treaty Relations* (Washington, D.C., Brookings Institution, 1931), p. 46.

regard to the beet producers in the continental United States as well as to the rapidly developing sugar cane industry of Hawaii, the Philippines, Puerto Rico, Louisiana, and Texas.

Even after the Reciprocity Treaty ceased to be particularly favourable to Cuba, sugar production increased steadily, and during the General War of 1914-18 it rose by nearly 50 per cent. There followed a time of great prosperity and wild speculation, the so-called 'dance of the millions'. After decontrol in 1919, the price of sugar rose until the 19th May, 1920, when it reached 22½ cents per pound; but it then fell steadily, dropping to 3¾ cents on the 13th December, 1920. By this time Cuba was facing a serious crisis in her public finances and still more so in her banking system, since large sums had often been lent on no better security than an over-valued sugar crop not yet harvested. By June 1921 eighteen banks had failed, but the large foreign banks such as the Chase National Bank, the National City Bank of New York, the First National Bank of Boston, and the Royal Bank of Canada, weathered the storm and gained increased control over the economic life of the country. Many *centrales* were taken over by them, and others closed down altogether. American mills survived rather better than those under Cuban or Spanish ownership, and were more successful with the post-war methods of low working costs. By 1926-7 62½ per cent. of the crop was manufactured in American-owned mills and 75 per cent. of the industry was reported to be under American control, representing an investment of about \$600,000,000.<sup>1</sup> The final control, however, often lay less with the companies than with the large North-American banks. These were also reported to further the interests of their virtual economic and financial dictatorship by exercising an influence not only over internal politics but also over the attitude of the

<sup>1</sup> The following table quoted by the *New York Times* from United States Department of Commerce statistics of the 17th September, 1933, shows the amount and distribution of American investments in Cuba, after the decrease in value due to the economic depression.

	Value (millions of dollars)
Cuban Government bonds . . . . .	103
Cuban non-Government bonds . . . . .	3
Sugar plantations and <i>centrales</i> . . . . .	544
Fruit and agriculture . . . . .	35
Petroleum distribution . . . . .	10
Manufacturing enterprises . . . . .	45
Railroads including sugar lines . . . . .	120
Public utilities . . . . .	100
Miscellaneous . . . . .	80
Total . . . . .	1,040

United States Government towards Cuba. Another feature of this period was the rise to economic power and political influence of public utility undertakings such as the Havana Electric Railway, the Cuban Telephone Company, and the Compañía Cubana de Electricidad, a subsidiary of the American and Foreign Light and Power Company, the two last mentioned having the financial backing of J. P. Morgan & Co.

American business interests were said to have supported the election of General Gerardo Machado, who took office as President on the 30th May, 1925. His previous career had certainly given him a connexion with the business world, while during his term of office his son-in-law Señor José Obregón became manager of the Havana branch of the Chase National Bank. Though he had come to power during a revival of nationalism and had avowed his intention of promoting the economic independence of Cuba, this policy was carried out in such a way as to conflict as little as possible with American interests.

In order to encourage new industries and the production of crops other than sugar, the Machado Government drew up a revised customs tariff which came into force in 1927, and was often increased during the next six years, with the effect of raising the already high cost of living. Towards the end of the Machado régime, American exporters to Cuba began to complain that the tariff placed them at a disadvantage, and that the Reciprocity Treaty preference was of little use to them, because, owing to the increased consumption and luxury taxes, the actual rate of duty represented a smaller proportion of the selling price of any article.

Under a law of the 15th July, 1925, President Machado embarked on an ambitious scheme of public works. His plan for a central road system throughout the island may have enriched the President himself and his followers, but it had the merit of encouraging crop diversification as well as of attracting tourists.

The special taxes levied for the financing of these plans proved insufficient for the purpose, and though President Machado had repeatedly declared that no new foreign loans should be raised, a contract was made with the Chase National Bank for the financing of public works construction up to the sum of \$10,000,000. In June 1928 this loan was transformed into a revolving credit of \$60,000,000 and in February 1930 another agreement with the bank provided for an \$80,000,000 issue of public works 5½ per cent. gold bonds. The bank purchased \$40,000,000 of these bonds to cancel the short term certificates which it held, and also granted the Government a one-

year credit of \$20,000,000, which remained outstanding during the lifetime of the Machado Government.

In the hope of checking the continued fall in the price of sugar after the temporary recovery of 1922-3, a 10 per cent. cut in production was ordered in 1926, and in the next year President Machado received special powers to control output, beginning with the crop of 1926-7. A National Sugar Defence Commission was set up in 1927 to act as a selling agency, and several restriction schemes were tried, including the Claret and Gutierrez plans, named after their respective proposers. In February 1931 Cuba entered into the Chadbourne scheme, a five years' agreement with Belgium, Czechoslovakia, Germany, Hungary, Java, and Poland. None of these schemes met with any success in raising prices, owing to the general situation of international trade, and to the increased production in other countries, especially within the rising tariff wall of the United States. The Chadbourne plan only covered about 45 per cent. of world production and did not include the United States. Cuba agreed to reduce her output by 36.5 per cent., a greater reduction than was accepted by any other country under the agreement; and her producers still had to face an increase of the American duty to 2 cents per lb. under the Hawley-Smoot Tariff of 1930. Whereas in 1923 Cuba supplied nearly 57 per cent. of the sugar consumed in the United States, by 1932 she only supplied 28.3 per cent., while Hawaii, the Philippines, and Puerto Rico increased their percentage from 19.5 per cent. to 47.9 per cent., and prices fell from 5.89 cents in May 1923 to 0.57 cents during 1932.

In spite of previous promises that he would not seek re-election, President Machado ensured his own return to power in November 1928 by arranging that a Constitutional Convention should adopt amendments to the Constitution of 1901 providing for a single presidential term of six years. His opponents maintained that these amendments, which were only to apply to his second term, were unconstitutional, as they had not been referred to the Convention by Congress. The President, however, had obtained the support of the three recognized parties, the Popular Party, the Liberals, and the Conservatives, and he forbade the organization of new parties. He repressed all opposition to his dictatorship by building up an efficient and well-paid army, supplemented in 1931 by an auxiliary force partly recruited from among criminals and called the *Partido de la Porra*, or Bludgeon Party. A strict censorship was maintained, and persons inconvenient to the Government were exiled or imprisoned and frequently simply disappeared. Some were shot after arrest,

under the pretence that they were trying to escape—a revival of the Spanish practice called the *ley de fuga*; the remains of others were found inside sharks in Havana harbour, and suspicions that they had been imprisoned in Morro Castle and afterwards thrown into the sea were increased when the Port-Captain of Havana prohibited shark-fishing.

Havana University was closed in 1927–8, the year of the Pan-American Conference, and re-opened under military supervision only to close again in 1930. The *Directorio Estudiantil*, or Student Directorate, had been among the first to oppose President Machado, and as the years went by it became increasingly violent in its methods of resistance. Another illegal organization was the A.B.C. secret society, whose aims began with the overthrow of President Machado, by terrorism if necessary, and included the replacement of the ‘old gang’ of politicians, the transfer of power from the President to a Prime Minister and Cabinet, literate suffrage, a Corporate Senate and a House of Representatives elected on a territorial basis, and the redistribution of wealth by social legislation. The A.B.C.’s proposals for the breaking up of the great sugar estates among small proprietors with compensation for the present owners, and for the replacement of the Platt Amendment by a perpetual treaty of friendship and alliance, might have a far-reaching effect on the relations between Cuba and the United States, should they ever be carried out. Many of the Havana professors and students also held advanced political and social ideas, and the economic depression led to unemployment and labour unrest. It appeared to be not unlikely that the struggle against President Machado might not be settled by a mere change of executive, but that the United States might be faced with a social revolution in Cuba comparable to that which Mexico had lately undergone.

Meanwhile, President Machado’s relations with the United States continued to run smoothly. At the beginning of his term of office he had maintained that the Platt Amendment in no way limited Cuban sovereignty and did not permit intermeddling by the United States in Cuban domestic affairs—in fact, that ‘it should be considered as a dead letter law’. Though this statement might conciliate nationalist feeling at home, in point of fact President Machado had reason to be glad of the existence of the Permanent Treaty in so far as it implied that he would continue to enjoy the support of the United States so long as he could maintain a stable government and did not interfere with American commercial interests. Other circumstances in his favour were the holding of the Sixth Pan-American Conference at Havana in January–February 1928, and the new orientation of the

general Latin-American policy of the United States.<sup>1</sup> The 'political altruism' of that country was thus as advantageous to him as its 'economic self-interest'.

In September 1930 Mr. Harry F. Guggenheim, who had held the post of Ambassador to Cuba since 1929, asked the Secretary of State, Mr. Stimson, which of the conflicting interpretations of the Permanent Treaty he should follow. He received instructions to avoid official 'intermeddling' (in accordance with the Root interpretation), but to exercise a reforming influence over the Machado Government by means of unofficial mediation. On the 2nd October, in reply to a question as to whether the United States Government would land troops to support President Machado in the event of a revolution, Mr. Stimson declared that such action would be contrary to the Root interpretation and that the United States had never landed troops for such a purpose. He added, however, that every case in the future would be judged on its own merits, and that a situation might arise which would distinguish it from previous cases.

This only increased the suspicions of the Cuban opposition that the existing Government could count on the active as well as the passive support of the United States. The failure of a rising in 1931 was by them attributed to the discouraging effect of the Permanent Treaty, though the State Department had not proclaimed an embargo on the sale of arms to revolutionaries and had made no representations regarding the maintenance of order.

On several occasions during the years 1931-2 Mr. Guggenheim did in fact suggest reforms, but he could not persuade the Machado Government to adopt them. In a despatch of the 20th January, 1933, he reported that he had 'come to the conclusion that the Cuban Government' responded 'to friendly suggestions not backed by direct official pressure' only if they feared intervention, or needed a foreign loan, or thought that by adopting reforms they might remain in power with American support.<sup>2</sup>

By the beginning of 1933 the economic and political situation of Cuba seemed to be approaching a crisis. In Havana bomb outrages and shooting affrays were increasing, while in the country sugar mills and cane fields were burned, and more activity was reported from the guerrilla bands who had taken to the hills after the rising

<sup>1</sup> See the *Survey for 1930*, Part V, section (i), and the present volume, section (i) of this part.

<sup>2</sup> Quoted from Harry F. Guggenheim: 'Amending the Platt Amendment' in *Foreign Affairs* (New York), April 1934, pp. 448-57. Mr. Guggenheim concluded that the Permanent Treaty and Reciprocity Treaty should be revised, and that tariff barriers should be lowered and the right of intervention waived.

of 1931. Meanwhile, about a thousand political exiles had assembled at Miami, Florida, some belonging to the older parties, the Liberals led by Dr. Miguel Mariano Gómez, the Nationalists under Colonel Carlos Mendieta, and General Menocal's party, the Conservatives, while others belonged to the student movement or the A.B.C. On the 17th April it was announced that a revolutionary junta had been formed uniting all these groups except the *Organización Celular Radical Revolucionaria* (O.C.R.R.), an offshoot of the A.B.C. They had, however, little in common but their opposition to President Machado.

The question of the sugar tariff was raised again on the 16th February, when representatives of Cuban importers asked the United States Tariff Commission for a 50 per cent. reduction in the duty. This aroused opposition from Puerto Rican and other United States producers, some of whom proposed a 50 per cent. increase, to 3 cents per lb. In April it was made known that the investigations of the Commission might lead to a quota scheme by which imports from Cuba would probably be fixed at about 2,000,000 tons, as against 1,100,000 tons for American beet sugar, 200,000 tons for American cane, 900,000 tons from Hawaii, and 850,000 tons each from Puerto Rico and the Philippines. It was also suggested that the rate of preference might be increased in return for similar concessions by Cuba. These and other proposals for economic co-operation were discussed by Señor Oscar B. Cintas, the Cuban Ambassador in Washington, with President Roosevelt and with Mr. Sumner Welles, Assistant Secretary of State. It was for a time uncertain what attitude the United States Government would adopt with regard to the political situation in Cuba. On the 26th January, however, Mr. Stimson stated that the Platt Amendment placed no obligation on the United States to intervene. President Roosevelt's Administration shared the preceding Government's unwillingness to embark on armed intervention. Such an undertaking could not be carried out without a struggle and would be hard to withdraw from afterwards. It would conflict with the 'good neighbour' policy towards Latin-American nations outlined by the President in his inaugural address, and it might have unfortunate consequences for the Pan-American Conference at Montevideo and for the Administration's policy of negotiating reciprocal trade agreements.<sup>1</sup> There was also the possibility that Cuba might appeal to the League of Nations, or to the Pan-American Commissions set up in accordance with the Gondra Pacific Settlement Convention of 1923.<sup>2</sup> It was suggested that the Platt Amend-

<sup>1</sup> See section (i) of this part of the present volume.

<sup>2</sup> See the *Survey for 1925*, vol. ii, pp. 414-15.



ment had itself been invalidated by the Gondra Convention and the Pan-American Arbitration and Conciliation Conventions of 1929.<sup>1</sup>

The United States Government therefore preferred to make use of diplomatic action. On the 21st April Mr. Sumner Welles,<sup>2</sup> Assistant Secretary of State, was appointed Ambassador, and it was understood that he would act as an unofficial mediator between the political factions. The news was received with pleasure by the Cuban Government, by professional and business circles in Havana, and also by the opposition. Mr. Welles was said to enjoy President Roosevelt's confidence to such a degree as to be able to negotiate with General Machado in the capacity of a personal representative as well as in that of an Ambassador. At the time of his appointment he stated that he would strive to carry out the 'good neighbour' policy outlined in President Roosevelt's inaugural address, and to encourage economic co-operation between the two countries as 'equal, sovereign and independent partners'. He intended to raise the question of the Reciprocity Treaty 'in accordance with the policy of the Administration of encouraging reciprocal trade agreements'.<sup>3</sup> On his arrival at Havana on the 7th May Mr. Welles again made it clear that economic questions would receive his first consideration, and his preliminary conversations with President Machado were, in fact, on these lines. On the 9th June it was announced that he had definite instructions to negotiate the revision of the existing treaty.

The political aspect of his mission, however, soon required his undivided attention. On the 24th May he had an hour's conversation with Dr. Ferrara, the Secretary of State, and several opposition groups were reported to have agreed to cease from terrorism while the negotiations continued. Next day, however, the A.B.C. and Student Directorate refused to consent to a truce, and the opposition parties were alarmed by the announcement that, during the absence of Dr. Ferrara at the World Monetary and Economic Conference in London, General Alberto Herrera, Secretary for War and the Navy, would act as Secretary of State, since they feared that General Herrera would become President in 1935 and continue the military dictatorship.

<sup>1</sup> See the *Survey for 1930*, pp. 377-81.

<sup>2</sup> Mr. Welles had been Chief of the Latin-American Division in the Department of State. As Commissioner to the Dominican Republic he had taken part in negotiations with regard to financial reconstruction and the withdrawal of United States marines. At that time he had also brought about the settlement of an internal political crisis in Honduras. He had assisted General Crowder in revising the Cuban electoral code in 1919. (See p. 368 above.)

<sup>3</sup> United States: Department of State: *Press Releases*, 29th April, 1933.

President Machado told foreign correspondents on the 1st June that he intended to stay in office till 1935, but at the same time he proposed certain constitutional reforms. After a conversation with Mr. Welles on the 5th June, he proposed that the electoral laws should be revised under the supervision of Dean Howard Lee McBain of Columbia University, and that Havana University should be reopened and made independent of the Government, while an American expert was to assist in drawing up its new charter. On the 7th June the President stated that he would order the election of a Convention to amend the Constitution and in particular to restore the Vice-Presidency, so that that office could be filled before the Presidential election. The possibility implied in this statement that General Machado might eventually resign his office to the Vice-President did not satisfy the revolutionary junta, who continued to demand his immediate withdrawal.

On the 15th June it was reported that the Government had accepted Mr. Welles's offer of mediation. The A.B.C. had also agreed to it so long as it implied no reflection on Cuban sovereignty; at the same time they consented to refrain from terrorism. The three older parties, the O.C.R.R. and the professors' organization agreed to join in the negotiations, but the Student Directorate refused. During the preliminary negotiations which began on the 1st July, Government and Opposition delegates had separate meetings with Mr. Welles. On the 7th July the Government guaranteed the safety of all factions who had accepted mediation, both during the negotiations and for a further thirty days in the event of their breakdown. Opposition leaders might report any violations of this decree. During the next few weeks terrorism ceased for the time being, guerrilla leaders surrendered—Mr. Welles guaranteeing their safety—prisoners were released, and refugees returned to Cuba. President Machado issued a decree on the 24th July restoring constitutional guarantees, and also signed an amnesty bill relating to all political offences since 1927. At the same time, however, he told Congress that he would stay in office till 1935. He also raised the question of the status of Mr. Welles, and maintained that the latter had acted as mediator in his personal capacity only. 'You can be assured', he said, 'that this mediation is not being carried on by a Government, or I would not continue as President of the Republic.'<sup>1</sup> Mr. Welles referred to this declaration next day in the course of his opening speech at the first round-table conference between Government and Opposition delegates. 'In my official capacity here', he said, 'I am likewise the

<sup>1</sup> *The New York Times*, 27th July, 1933.

Ambassador of a nation which is the closest friend that the Republic of Cuba possesses, and I am the representative of the President of the United States, who is deeply interested in Cuba's welfare.' He added that his Government believed, as he did, that the patriotism of the Cuban people would not permit these conferences to end without reaching a settlement satisfying their desire for moral peace, and for an opportunity to regain their economic prosperity.<sup>1</sup> In confirmation of this statement Mr. Phillips, the Acting Secretary of State at Washington, explained on the 28th July that 'while of course Ambassador Welles's tender of good offices has been made spontaneously . . . it could not have been made without the full authorization and approval of this Government'. It was stated that Mr. Welles was free to exercise his judgement according to circumstances and that his position was comparable to that of Mr. Dwight Morrow in Mexico,<sup>2</sup> though he had more liberty of action. He was however 'an ordinary diplomatic representative and not clothed with extra powers'.<sup>3</sup> On the 3rd August the State Department denied rumours that 'the Cuban Government had been informed that no commercial negotiations would be undertaken till normal political conditions were restored . . .'; on the contrary, informal conversations were in progress at Havana, though the Ambassador was too busy with political conferences to undertake formal negotiations.<sup>4</sup>

Meanwhile, the Mixed Committee on Constitutional Reforms continued its work, and on the 1st August Dr. McBain submitted a report on electoral reform to President Machado. The political situation, however, became more threatening; there were clashes between the police and demonstrations of students and school teachers, and many complaints regarding soldiers and other Government agents were referred to Mr. Welles through the leaders of the Opposition. A road transport strike, which began in Havana on the 3rd August, spread until all industries were involved throughout the island. In the hope of finding a peaceful solution of the crisis, Mr. Welles suggested to the leaders of the political parties a formula providing that President Machado should ask Congress for leave of absence, and hand over the Government to a Secretary of State acceptable to all parties. The name of Dr. Carlos Manuel de Céspedes was mentioned in connexion with this appointment. The new Government would submit the recently drafted constitutional reforms to Congress, and then to a Constitutional Convention, in preparation for elections in 1934.

<sup>1</sup> *The New York Times*, 28th July, 1933.

<sup>2</sup> See the *Survey* for 1927, pp. 464-70.

<sup>3</sup> *The New York Times*, *loc. cit.*

<sup>4</sup> *Ibid.*, 4th August, 1933.

Mr. Welles told foreign correspondents on the 7th August that 'he had aimed at letting the Cubans make their own decisions without pressure from him or from the United States', but that 'he recognized the seriousness of the situation and had so advised the State Department . . . and in case the formula were not immediately . . . put into effect he would consider the affairs of the island in a state of the utmost gravity and could not foresee what might happen'.<sup>1</sup>

On that very afternoon more than twenty persons were killed in Havana, when Government forces fired on crowds excited by a rumour that President Machado had resigned. Constitutional guarantees were again suspended, and on the 9th August a state of war was declared. President Machado, however, reserved his decision when Mr. Welles urged him to accept the conciliation formula. His attitude was that he would make concessions to the strikers and the Opposition, but that the relinquishment of any of his constitutional prerogatives would infringe Cuban sovereignty; American mediation was equivalent to intervention, and no foreign Power should dictate his resignation. A resolution censuring the action of Mr. Welles and asking for the support of other Latin-American countries was put down for discussion by the Cuban House of Representatives on the 9th August; and an official broadcast called upon the Cuban people to take up arms, if necessary, against American intervention, and stated that President Machado had notified Mr. Welles that he would not receive him again and that all future negotiations must be carried out through the Secretary of State.

On the same day President Roosevelt told Señor Cintas, the Cuban Ambassador, that Mr. Welles enjoyed his full confidence, and that General Machado should accept the conciliation formula to avoid further bloodshed. If he refused, the United States Government, by reason of their international obligations, and in particular of the Platt Amendment, could not permit the existing state of anarchy to continue. Señor Cintas replied that President Machado would no doubt agree to resign if a suitable formula could be found. He was informed that fresh proposals could be laid before Mr. Welles up to the evening of the 10th August. President Roosevelt afterwards issued a statement urging that Cuban political problems should be met 'in the most patriotic spirit' in order to solve 'the problems of starvation and depression'—which might be taken to mean that economic help would only be given to a stable Government enjoying the support of the people.

The United States Government still hoped to avoid armed

<sup>1</sup> *Ibid.*, 8th August, 1933.

intervention, but the military and naval authorities had made full plans ready to be carried out at any moment. It was also reported that the State Department had sounded representatives of Latin-American countries with regard to the probable attitude of their Governments towards intervention, and that it believed that they would not object if the United States Government made a definite statement of policy before taking action, and if President Machado had been given every opportunity of resigning.

In Havana Mr. Welles's mediation seemed to have reached a deadlock when on the 10th August the Liberal Party approved a resolution censuring him for 'intermeddling' in Cuban affairs. Next day, however, army officers carried out a *coup d'état*, partly with the intention of forestalling armed intervention. On the 12th August General Machado asked for leave of absence and was succeeded by General Herrera, who immediately retired in favour of Dr. Carlos Manuel de Céspedes.

There were wild rejoicings at the fall of General Machado, while leaders of the *Porra* or auxiliary police and other Machadists suspected of having committed atrocities were attacked and their property was destroyed. On account of these disorders President Roosevelt announced on the 13th August that two destroyers were being sent to Havana, but that 'the change of Government . . . in Cuba' was 'in entire accord with the recognized constitution and laws of that country' and 'no possible question of intervention or of the slightest interference with the internal affairs of Cuba' was 'intended by this precautionary step to protect, if necessary, the lives of American citizens'.<sup>1</sup> The State Department let it be known that the approval of Dr. de Céspedes had previously been obtained. One destroyer was recalled on the 14th August and the other on the 18th.

After his inauguration on the 13th August President de Céspedes formed a Coalition Government, which took office next day and was well received by Cuban business circles and American residents in Havana. The State Department at Washington decided that the question of recognition did not arise, as the change of Government had been carried out on constitutional lines,<sup>2</sup> and messages of goodwill were exchanged between President Roosevelt and Dr. de Céspedes.

<sup>1</sup> *The New York Times*, 14th August, 1933.

<sup>2</sup> For United States policy with regard to the recognition of Latin-American revolutionary governments, see the *Survey for 1930*, pp. 366 *seqq.*, and the present volume, pp. 325-8 above.

It was freely admitted that Mr. Welles had done much to bring about the change of Government, and he won considerable praise in the United States for having prevented a violent revolution which might have led to armed intervention. On the 23rd August it was announced that, now that his mission was completed, he would return to Washington after the 15th September and that he would be succeeded by Mr. Jefferson Caffery, Assistant Secretary of State, who had been in charge of the Department of State end of the negotiations. The commercial and financial negotiations were to continue on the basis of a plan worked out by the Department of State and the Department of Commerce. This contained suggestions for the provision of small holdings for employees of the large sugar and tobacco estates, the scaling down of the internal and external public debt, tariff revision, and a regional sugar control agreement including Cuba, Mexico, and the continental and insular United States.

These friendly advances were not entirely to the advantage of the de Céspedes Government, which was suspected of having been made in the United States, or at least in the United States Embassy. The exiled Machadists, on the other hand, took the view that Mr. Welles should resume his mediation and that the United States should send commissioners to reorganize the army and police. The new Government represented an insecure coalition with no support from the Conservatives or the Student Directorate, while the real balance of power lay with the army. Dr. de Céspedes had to deal with the widespread desire for revenge against Machadists, and at the same time with labour unrest, including a strike among the cane-field and sugar mill workers, who were demanding an increase of wages from 20 cents to 50 cents per day. American sugar growers appealed to the President, who agreed to guarantee American lives and property if, on their part, they would co-operate in raising the standard of living of the workers.

The final blow to the de Céspedes Government came from a revolt of the rank and file of the army against their officers on the 4th September. Sergeant Fulgencio Batista and other non-commissioned officers formed a revolutionary junta with the support of the Student Directorate, and next day set up an Executive Commission to act as a '*de facto* revolutionary Government'<sup>1</sup> in place of President de Céspedes. The *coup d'état* was carried out without bloodshed and with comparatively little disorder, and the Provisional Government made haste to state that they would guarantee the lives and property of foreign citizens and recognize foreign indebtedness. It was,

<sup>1</sup> *The New York Times*, 6th September, 1933.

however, expected that they would be strongly opposed to any interference by the United States in Cuban affairs, and also to the Platt Amendment and the Reciprocity Treaty. Mr. Welles was reported to have intimated that any bloodshed would at once lead to intervention. During the 5th and 6th September he had many conversations with members of the late Government and other political leaders, and he would not commit himself when Sergeant Batista made inquiries as to the probable attitude of the United States towards the new Government.

There was a striking contrast between the 'precautionary step' of sending destroyers to Havana in August<sup>1</sup> and the display of naval strength which the United States arranged for the benefit of the Cuban Provisional Government in September. On the 5th September a cruiser and two destroyers were sent to Havana and another destroyer to Santiago, while on the 6th an expeditionary force of a thousand marines was assembled at Quantico, Virginia, and orders were given for the concentration within striking distance of Cuba of every available unit of the Atlantic fleet. The battleship *Mississippi* was sent to Havana, and by the 9th September thirty warships were in Cuban waters or on their way there. On the 6th September the Secretary of the Navy himself, Mr. Charles A. Swanson, sailed for Havana on the cruiser *Indianapolis*. His visit was said to have been planned a month before, but there was an ominous precedent for it in Mr. Taft's journey to Cuba before the intervention of 1906.<sup>2</sup> As it turned out, however, he did not even land at Havana during the two hours of his stay there before his departure for the Canal Zone. There was much anti-American feeling in Cuba, and such determined opposition to the idea of intervention that there was reason to fear that, if marines were actually landed, extremists might go to the length of provoking incidents. The precautionary measures taken by the Roosevelt Administration also met with criticism among those Americans who considered that the Cubans were engaged in a social revolution and should be left free to work out their own salvation. It was suggested<sup>3</sup> that if intervention became unavoidable it should be carried out by the joint action of the United States and Latin-American Powers.

The Administration, meanwhile, was doing its best to forestall criticism. On the 5th September Mr. Jefferson Caffery, in a broadcast speech on Latin-American policy, stressed the intention of the United

<sup>1</sup> See p. 380 above.

<sup>2</sup> See p. 366 above.

<sup>3</sup> By Mr. R. L. Buell, Research Director of the Foreign Policy Association, in *The New York Times* of the 10th September, 1933.

States to continue the 'good neighbour' policy with regard to Cuba, and declared that intervention was not under consideration. 'The rôle of Mr. Welles', he said, 'was not to dictate but to assist the various factions to work out their own solution'. Similar assurances were repeatedly given by Secretary Hull and other high officials during the next few days. An early opportunity was taken to prove that 'the United States' believed that 'the other American Republics' had 'just as much interest in the preservation of orderly government in Cuba as she' had, and that intervention was only made possible by the existence of the Permanent Treaty and would establish no precedent for similar action by the United States elsewhere in Latin America.<sup>1</sup> On the 6th September, after consultation with the representatives of Argentina, Brazil, Chile, and Mexico, President Roosevelt issued the following statement, which was transmitted by the State Department to the representatives of other Latin-American states, who had not had time to be present at such short notice.

(1) The United States desires that complete and constant information about Cuba shall be available for the Latin-American countries.

(2) The United States has absolutely no desire to intervene, and is seeking every means to avoid intervention.

(3) The key of American policy in regard to Cuba is that Cuba shall obtain quickly a Government of its own choosing, and one capable of maintaining order.<sup>2</sup>

This *démarche* elicited a reply from the Argentine Government in the form of a *communiqué*<sup>3</sup> issued at Buenos Aires on the 8th September and a note presented at Washington on the following day. The Argentine Government expressed the hope that the United States would not intervene, 'no matter what may be the evolution of events', since 'it is impossible to arrive at ripeness of democracy without . . . painful conflicts and necessary apprenticeship'.<sup>4</sup>

The Mexican Government, after thanking the Department of State for its communication and its assurances with regard to intervention, went on to take independent diplomatic action. On the 8th September the Minister for Foreign Affairs, Dr. José Puig Casauranc, addressed identic notes to the Foreign Ministers of the A.B.C. Powers asking for the co-operation of their Governments in bringing influence to bear on the Cuban Provisional Government to maintain order and protect lives and property.

The Brazilian and Chilean Governments were subsequently reported

<sup>1</sup> *The New York Times*, 7th September, 1933.

<sup>2</sup> *The Times*, 7th September, 1933.

<sup>3</sup> *The New York Times*, 9th September, 1933.

<sup>4</sup> Text *ibid.*, 10th September, 1933.



to have accepted this suggestion. On the same day, however, it was announced that the Mexican Government had expressed to the Cuban Executive Commission their confidence that the latter was capable of establishing a Government fulfilling the highest national aspirations. This cordial manifestation signified recognition.<sup>1</sup>

The Executive Commission decided on the 9th September to return to the presidential form of Government, but rejected a proposal for the reinstatement of Dr. de Céspedes put forward by the army officers. This might have led to an attack on the officers' head-quarters at the National Hotel, if many Americans had not been staying there. Among these was Mr. Welles himself, who found it necessary to reply to accusations of protecting and encouraging the officers by reporting to the State Department that he had already spent two days in the hotel when they arrived, and had had no dealings with them since.<sup>2</sup>

American official circles had, indeed, been hoping for the return of Dr. de Céspedes to office. They had made it clear that, as he had never formally resigned, the United States could not recognize any other President until he had proved the stability of his Government over a sufficient length of time. There would be a corresponding delay in the economic negotiations which were to have been undertaken with the assistance of Mr. Adolf A. Berle of the United States Agricultural Adjustment Administration.<sup>3</sup> The United States Government, therefore, took up a cautious attitude when on the 10th September Dr. Ramon Grau San Martin, a former professor at Havana University, took office as President and after some days formed a Government with the support of the army and the Student Directorate. On the 11th September Mr. Cordell Hull stated that his Government had 'no interest in behalf of, or prejudice against, any political group or independent organization' which was 'active in the political life of Cuba'. They were 'prepared to welcome any Government representing the will of the people of the Republic and capable of maintaining law and order throughout the island'.<sup>4</sup> On the 13th September Mr. Welles was instructed to remain in Cuba for the present.

It was, however, uncertain how the existing minority Government could be proved to represent the will of the people, and the question

<sup>1</sup> The question of recognition did not really arise, since Mexican diplomats were not accredited to specific administrations.

<sup>2</sup> U.S. Department of State: *Press Releases*, 16th September, 1933.

<sup>3</sup> Mr. Berle had arrived in Havana on the 5th September during the revolution which led to the negotiations being suspended. He returned to the United States on the 19th September.

<sup>4</sup> U.S. Department of State: *Press Releases*, 16th September, 1933.

of recognition remained a vicious circle—without stability of government there would be no recognition, and without recognition there could be no stability. Many Cubans felt that the United States had refrained from armed intervention and official diplomatic action only to take up the equally serviceable weapon of 'intervention by inertia'.<sup>1</sup>

The new Government were unpopular in commercial and financial circles and found it hard to obtain credit or collect revenue. Mr. Berle, indeed, told the President and the Student Directorate in the course of unofficial conversations that, unless public confidence could be reassured by the inclusion of Opposition representatives in the Government, an economic collapse was inevitable. The United States Government feared that this would be followed by further military risings and an attempt at dictatorship by the Left. Communists were certainly becoming more numerous and active, and there were enough orthodox Marxists to influence a movement which had begun as an agrarian revolt.<sup>2</sup> Workers in industry and in the towns were also attracted by Syndicalism. These and other labour movements succeeded in promoting continual strikes and other forms of unrest. By the 18th September thirty-six sugar mills had been seized by the workers and were being run by Workers' Councils on the Soviet model. The managers and office staffs of some mills were held prisoners in their homes. The occupied mills were expected to close down, as it would be impossible to finance their operations. In some cases Government forces succeeded in driving out the workers and occupying the mills themselves.

During September there were also many attempts at insurrection in the provinces by non-Communist opponents of the Government. On the 20th September Mr. Hull stated that United States Consuls in troubled areas were advising American citizens to take refuge on the nearest warship. Nationals of other countries might also take advantage of this offer. Commanders of vessels had, at first, orders to land no men without authorization from Washington, but it was afterwards stated that marines might be landed to save life only and not merely to protect property. Such emergency measures would not constitute intervention.<sup>3</sup>

For some time Havana had been comparatively quiet, but on the

<sup>1</sup> For the use of this expression by Dr. Grau San Martín, see *The New York Times*, 29th October, 1933.

<sup>2</sup> For an analysis of Communist agrarian revolts with reference to China, see the *Survey for 1932*, pp. 418-19.

<sup>3</sup> For the similar attitude of the United States on an earlier occasion, see p. 367 above.

29th September fighting broke out between police and Communists, and on the 2nd October Government forces finally overcame the officers who had been defying them for nearly a month at the National Hotel. The death of an American citizen during the bombardment and street fighting was considered by the United States Government to be accidental and therefore not to call for diplomatic action.

The State Department still hoped that the negotiations carried on at intervals between the parties might result in a coalition, and were now ready to intimate that a Coalition Government could expect speedy recognition. The Student Directorate, however, insisted that Dr. Grau San Martin should remain in power. His Government were recognized by Peru on the 11th October and on the next day by Spain, but their position was still insecure, and on the 8th-9th November there was a rising at Havana by the A.B.C. and part of the army, which was only defeated after two days' fighting.

Mr. Welles continued to be unpopular with those Cubans who resented 'intermeddling' by the United States, or who saw in him the chief obstacle to the recognition of the Grau San Martin Government. He was still suspected of intriguing with the Opposition, and the State Department had to repeat its assurances that he had not been involved in the resistance of the officers at the National Hotel. It was reported that the existing Government desired his recall, and that he himself wished to relinquish his post.

Mr. Welles discussed these questions with President Roosevelt on the 19th November at Warm Springs, Georgia, and then went on to Washington to confer with the State Department. It was thought at the time that the President had requested Mr. Welles to return to Havana for some time, since it would be difficult for him to withdraw his Ambassador unless he intended to make a definite change of policy. However, on the 24th November President Roosevelt issued the following statement.

... Owing to the exceptionally close relationship which has existed between our two peoples . . . recognition by the United States of a Government in Cuba affords in more than ordinary measure both material and moral support to that Government.

For this reason we have not believed that it would be a policy of friendship and of justice to the Cuban people as a whole to accord recognition to any Provisional Government in Cuba unless such Government clearly possessed the support and approval of the people of that Republic . . .

... We have wished to commence negotiations for a revision of the commercial convention . . . and for a modification of the permanent treaty. On the economic side, we have been hopeful of entering upon a

discussion of such measures as might be undertaken by common consent between the two Governments. . . . No progress along these lines can be made until there exists in Cuba a Provisional Government which . . . shows evidence of genuine stability.

. . . The Government of the United States has neither partiality for, nor prejudice against, any faction or individuals in Cuba. . . . We earnestly hope that in the near future, through a spirit of compromise on all sides, the Cuban people themselves will reach a peaceful agreement which may result in general support of a Government and thus avoid continued civil disturbance. . . .

Ambassador Welles is returning to Havana within the next few days. As previously announced, upon the termination of his mission, which will be in the near future, he will return to Washington to resume his former duties as Assistant Secretary of State, and will be replaced by Mr. Jefferson Caffery.

The State Department announced that Mr. Caffery would not have the position of Ambassador, but would act as a personal representative, reporting directly to President Roosevelt, and would be free to make unofficial contact with any individuals or parties. Mr. Edward L. Reed, *chargé d'affaires* at Havana since 1929, was also recalled to the United States.

Meanwhile, conciliation negotiations had been resumed with the good offices of the Uruguayan Minister, Dr. Fernández de Medina, but these broke down unexpectedly on the 11th December. Dr. Fernández de Medina thereupon accused Mr. Welles of causing the breakdown by his interference. Mr. Welles reported to the State Department that Dr. Fernández de Medina had asked for his co-operation, and that he had replied that he could take no action, but that he would advise a patriotic compromise if his opinion were asked. His conversations with the party leaders had been limited to this, and he had made it clear to Dr. Grau San Martín that he could only act as a friendly observer.

On the 12th December it was for the first time intimated that the United States Government might go so far as to consider the abrogation of the Platt Amendment, but a few days later it was made known that this question could not be discussed until a stable Government was established. However, on the 19th December, Mr. Cordell Hull, speaking at the Montevideo Conference,<sup>1</sup> made the reassuring declaration that 'no Government need fear any intervention on the part of the United States during the Roosevelt Administration'.

Under the influence of Dr. Antonio Guiteras, Secretary for War and for the Interior, the Cuban Government adopted a more revolutionary social and economic policy, which inevitably clashed with

<sup>1</sup> See section (i) above.

American business interests. It was reported on the 17th December that the Government had seized American-owned electric light and power stations at Banes in Oriente province, while on the 20th they took over the Delicias and Chaparra mills in the same province, which the Cuban-American Sugar Company had closed down because of labour troubles. In the first week of January 1934, Mr. Caffery was instructed to inform the Cuban Government that the United States was interested in the protection of American-owned property, and especially in the case of the Cuban-American Company. The Government had already defaulted on public works obligations due on the 31st December to the amount of \$4,718,860 which had been contracted with the Chase National Bank during the Machado régime.<sup>1</sup> A decree of the 13th January suspended the delivery of 90 per cent. of the public works revenues collected by the Bank, and ordered an inquiry into the amounts already delivered. On the 12th January Mr. Thomas L. Chadbourne, an American citizen and the promoter of the restriction scheme of 1931, was removed from the presidency of the National Sugar Exporting Commission, and mill-owners were ordered to start grinding by the 15th (though it was unlikely that they would be willing to do so); while on the 14th January the Government took control of the Compañía Cubana de Electricidad, in consequence of a strike of all its employees.

On the 12th January, however, Dr. Manuel Marquez Sterling, unofficial representative of Cuba in Washington, returned to Havana with the news that there was no immediate likelihood of the Grau San Martin Government being recognized. Negotiations, in which Colonel Batista and the Mexican *chargé d'affaires*, Señor Reyes Spinola, had been taking part, were already in progress between the political parties. A meeting took place between Colonel Batista and Mr. Caffery, on the evening of the 13th January, and on the 15th January President Grau San Martin resigned his office at the request of the revolutionary junta. As Señor Guiteras would not agree to Colonel Batista's proposal for the election of Colonel Mendieta, a compromise was reached by the election of Señor Carlos Hevia. Colonel Batista thereupon gained a final victory over Señor Guiteras by withdrawing his support from the new President, who resigned after two days of office. Colonel Mendieta, who succeeded him on the 18th January, formed a Government relying on the A.B.C., the Nationalists, and the Menocalists, which was expected to be much more conservative in its policy than the Grau San Martin Government had been.

<sup>1</sup> See p. 371 above.

This was likely to make it far more acceptable to the United States. As early as the 19th January President Roosevelt expressed the hope that the new Government would fulfil the basic conditions for recognition. It was understood that, if the events of the next week did not belie this hope, the United States would consult with the Latin-American Governments with regard to recognition, as a matter of courtesy, though their future course of action would not depend on the attitude taken up by those Governments. On the same day Mr. Caffery had an interview with Mr. Hull at Key West, in which he reported favourably on the prospects of the new Government. The proposed consultation took place on the 22nd January between President Roosevelt and the representatives of all the Latin-American states except Cuba, Uruguay, whose Minister was absent, and Salvador, whose Government had not yet been recognized by the United States.<sup>1</sup> It was afterwards learnt from Mr. Hull that 'the President' had stated 'that the disposition of the United States Government was to recognize the Cuban Government, in view of our belief that it has the substantial support of the Cuban people and is entirely capable of maintaining law and order'.<sup>2</sup> Next day the United States *chargé d'affaires* in Havana, Mr. H. Freeman Matthews, received instructions to notify the Cuban Government that it had been recognized, and it was understood that Mr. Caffery would accompany him on this mission. The notification was, in fact, presented by Mr. Caffery himself, who was shortly to receive his credentials as Ambassador, and friendly messages were exchanged between President Mendieta and Mr. Welles.<sup>3</sup> On the same day the new Government was recognized by Australia, Canada, France, Great Britain, Italy, New Zealand, South Africa, and other states. It had already been announced that there would be no change in the diplomatic relations of Panamá with Cuba.

Ten of the sixteen United States warships in Cuban waters had been withdrawn by the 23rd January, and the others were to be recalled as soon as conditions improved. On the following day President Roosevelt indicated that the way was now open for discussion regarding economic reconstruction proposals and the revision of the Reciprocity Treaty and the Platt Amendment. There would, however, be some delay in the revision of the latter Amendment, since it formed part of the Cuban Constitution, and any amendments to this

<sup>1</sup> The United States *chargé d'affaires* in Salvador was instructed on the 26th January to recognize the existing Government. See also p. 327 above.

<sup>2</sup> *The New York Times*, 23rd January, 1934.

<sup>3</sup> U.S. Department of State: *Press Releases*, 27th January, 1934.

must be considered by a Constituent Assembly. The State Department held that it would not be necessary to obtain the consent of Spain to the revision of the Amendment, as the obligations of the United States under the Spanish-American Treaty of 1898 were limited to the time of its occupation of Cuba.<sup>1</sup>

It was made known on the 30th January that arrangements were almost completed for the sale on credit of \$2,000,000 worth of American foodstuffs to the Cuban Government through the Surplus Relief Corporation, and on the 14th February the Federal Alcohol Administration gave leave for the importation of unlimited quantities of alcoholic beverages from Cuba until the 1st March.

An important statement of policy was contained in a message from President Roosevelt to Congress on the 8th February regarding a sugar quota scheme. This proposed that sugar beet and cane should be included in the Agricultural Adjustment Act as basic commodities, so that United States producers could be compensated for restrictions on their output from the proceeds of the processing tax. The existing preference on Cuban sugar might, however, be increased as a result of the forthcoming commercial negotiations.<sup>2</sup> The quota for Cuba, which was less than that proposed in April 1933,<sup>3</sup> was nevertheless larger than the 1,700,000 tons put forward in a scheme which had been rejected by Mr. Wallace, the United States Secretary for Agriculture, in the autumn. As a result, 114 out of the 178 mills to which quotas had been allocated by the Cuban Government were in operation by the 8th March, when President Mendieta signed new decrees regarding distribution of quotas, permitting the sale of sugar destined for countries other than the U.S.A. at market price instead of at the fixed price established by the Chadbourne Plan. President Roosevelt's proposals were put into effect by the Jones-Costigan Bill, which became law on the 9th May. This Bill provided for a quota of 4,642,000 short tons to be allocated among the United States insular

<sup>1</sup> See p. 363 above.

<sup>2</sup> Text of message in U.S. Department of State: *Press Releases*, 10th February, 1934. The following table shows the proposed quotas:

	Millions of short tons.
Continental beets . . . . .	
Louisiana and Florida . . . . .	1,450
Hawaii . . . . .	260
Puerto Rico . . . . .	935
Philippine Islands . . . . .	821
Cuba . . . . .	1,037
Virgin Islands . . . . .	1,944
	5
Total . . . . .	6,452

<sup>3</sup> See p. 375 above.

possessions and Cuba by the Secretary of Agriculture, and also for a tariff reduction of 25 per cent. United States producers were to have the advantage of a processing tax, but this was not to exceed the rate of reduction in the duty.

The promotion of trade between the United States and Cuba was the main function of the Second Export-Import Bank of Washington, D.C., which was created by executive order of President Roosevelt on the 9th March, 1934, though this was not expressly stated in the order itself.<sup>1</sup> The scheme had already been discussed by Mr. Welles, as the State Department official in charge of negotiations with Cuba, with Dr. Joaquin Martínez Saenz, Secretary of the Cuban Treasury. The first transaction carried out through the bank was a loan of \$4,000,000 for the purchase of sufficient silver for the issue of \$10,000,000 in Cuban currency. This agreement was arranged by the United States Government partly in order to compensate the silver-producing Western States which would be affected by the sugar beet quota. Though the Cuban Government would make a considerable profit on the coinage of the silver, it had been hoped that a better loan might have been negotiated, in view of the state of the public finances. On the 10th April the Mendieta Government declared a moratorium on the sinking fund of all foreign loans until the annual national revenues should again reach \$60,000,000, which it was hoped might be achieved in two years. A special inquiry was to be made before any action was taken on the public works obligations.

The Cuban Government next approached the United States with a request for the extradition, on charges of murder, embezzlement and other crimes, of General Machado, who had been living in New York since the previous autumn. The United States Government had never before received a request for the extradition on such charges of the former chief executive of any foreign Government. It was, however, understood that General Machado might have recourse to the courts of law in the United States, but that, if his appeals failed, he would certainly be handed over to the Cuban Government. On the 25th April, before the extradition petition had actually been presented to the State Department, the Cuban Consulate in New York obtained a warrant for the provisional arrest of General Machado, who, however, succeeded in eluding the police. At the time of writing his whereabouts had not yet been discovered.

Soon after coming into office President Mendieta had put an end

<sup>1</sup> Text in *The New York Times*, 10th March, 1934. A similar bank had already been established to finance trade between the United States and the U.S.S.R.



to the governmental control of the Compañía Cubana de Electricidad and of the Delicias and Chaparra mills.<sup>1</sup> He also issued drastic decrees regarding strikes, Communism, and terrorism. Nevertheless order had not been fully restored by the time of writing; there were many anti-American demonstrations on the part of Communists and other Left Wing revolutionaries, and on the 27th May gunmen attacked Mr. Caffery, who fortunately escaped injury. The Cuban Government expressed great regret for this incident and stated that his assailants must have been terrorists belonging to no recognized political faction.

The existing state of unrest did not discourage the United States Government from taking rapid and decisive action in the matter of the Platt Amendment. Negotiations between Mr. Welles and Dr. Marquez Sterling, now the Cuban Ambassador in Washington, resulted in the unexpected announcement that a treaty had been signed on the 29th May, 1934,<sup>2</sup> abrogating the Permanent Treaty of 1903.<sup>3</sup> Under the new treaty the United States no longer had the right of intervention, and there were no restrictions on the freedom of Cuba to contract foreign loans, or to enter into alliances which might impair Cuban sovereignty. The United States was to retain its naval station on leased territory at Guantánamo Bay, and all acts of the United States during its military occupation of Cuba were to remain valid. The clause of the Permanent Treaty regarding health services was replaced by the provision that, 'if at any time in the future a situation should arise that' appeared 'to point to an outbreak of contagious disease in the territory' of either party, the other party should 'for its own protection, and without its act being considered unfriendly, exercise freely and at its discretion the right to suspend communications between those of its ports that it may designate and all or part of the territory of the other party, and for the period that it may consider to be advisable'.<sup>4</sup>

The ratification of the new treaty by the Senate at Washington on the 31st May, 1934, was one of the outstanding achievements of the Roosevelt Administration's policy with regard to Latin-America, and marked the opening of a new period in the relations between the United States and Cuba. The question of American economic domination remained, however, unsolved, and might yet have considerable influence on the policy of the United States, if the Cuban attempt at social revolution were successful, or if the Cubans were ever in a position to act upon the saying of their national hero José Martí that 'a

<sup>1</sup> See p. 388 above.

<sup>2</sup> Text in *The New York Times*, 30th May, 1934.

<sup>3</sup> See p. 365 above.

<sup>4</sup> *The New York Times*, *loc. cit.*

people economically enslaved but politically free will end by losing all freedom; but a people economically free can go on to win its political freedom'.<sup>1</sup>

#### (iv) The Conflict between Bolivia and Paraguay in the Chaco Boreal

In an earlier volume of this series<sup>2</sup> some account was given of the dispute between Bolivia and Paraguay which gave rise from time to time to fighting in the Chaco and which brought the two countries to the brink of war at the end of 1928. Thanks to the efforts of various mediators, and in particular to the steps taken by an American Conference on Arbitration and Conciliation which was in session at Washington at the turn of the years 1928 and 1929, the incidents of December 1928 were settled by pacific means, and the two countries were induced to resume in May 1930 the diplomatic relations which they had broken off as soon as the first clash between their respective troops had occurred. The neutral Governments which acted as mediators were not able, however, to induce Bolivia and Paraguay to submit to the procedure of peaceful settlement the fundamental question in dispute—the question, that is, of the ownership of the vast undeveloped region which lay between them, in which no definitive frontier line had yet been fixed.<sup>3</sup> In the opinion of many neutral

<sup>1</sup> Quoted by Carleton Beales in *The Crime of Cuba* (New York, 1934, Lippincott), p. 443. On the 31st May it was made known that the Cuban Government had invited the Foreign Policy Association of New York to organize a commission to report on the means by which Cuba might attain economic and social self-determination. The Rockefeller Foundation had agreed to finance the project and Mr. R. L. Buell, President of the Foreign Policy Association, was to act as Chairman of the Commission. An expert investigation of this kind might perhaps prove of greater assistance to Cuba than any modification of her treaty relations with the United States.

<sup>2</sup> *The Survey for 1930*, Part V, section (viii).

<sup>3</sup> For a brief review of the unsuccessful attempts which had been made to define the frontier, see *op. cit.*, pp. 423–4. For a more detailed and authoritative account, see Chapter II of the report of the Commission appointed by the League of Nations in 1933 (League of Nations publication: *VII Political. 1934. VII. 1*). The territorial claims of the two countries in the Chaco, as they were defined in the course of the controversy, were completely incompatible. Paraguay's claim, at its lowest, was to the whole of the Chaco Boreal within its 'natural boundaries'—that is, the triangle formed by the rivers Paraguay and Pilcomayo, extending northwards as far as the Chochi mountains and the River Negro and westwards as far as the Chiriguaná mountains and the River Parapiti—but this claim was sometimes extended to cover a considerably larger area. Thus one version of the claim would have made the Paraguayan Chaco contiguous with Brazil and would have thus cut off Bolivia from the possibility of access to the River Paraguay north of the Bahía Negra which she possessed in virtue of a treaty, signed at Petropolis in 1903, which had fixed her frontier with Brazil. Bolivia, on the other hand, maintained that her frontier with Paraguay was constituted by the river of that name and that her

observers, the dispute was particularly suitable for settlement by arbitration, since it turned to a large extent (though not entirely) on the interpretation of Spanish colonial documents. The position was complicated, however, by the economic aspect of the question. The Chaco territory consisted principally of jungle, sparsely inhabited by Indians, and while much of it was waterless in the winter, it was converted into a swamp in the rainy season. The greater part of the country, therefore, was not in itself of a nature to invite settlement, but its economic potentialities were believed to be considerable,<sup>1</sup> and it was important to Paraguay as the only region in which expansion could take place. Its chief interest to Bolivia, on the other hand, lay in the possibilities of the River Paraguay, which formed the eastern boundary of the Chaco, as a waterway by which a land-locked state could reach the Atlantic. The disputed territory stretched away to the north-west of the Paraguayan capital Asuncion, but it could only be reached from the Bolivian centres of population on the Andean plateau after a long and difficult journey, and, by the time when Bolivia's growing economic needs made the question of access to the sea by way of the Paraguay River a matter of the first importance,<sup>2</sup> the Paraguayans had already begun the task of developing the Chaco, especially the extreme south-eastern corner, to which Paraguay felt that she possessed a legal title in virtue of the Hayes Award of 1878. A certain number of foreign concessions in the Chaco were granted by the Government at Asuncion,<sup>3</sup> and although the process of penetration was slow, it had gone far enough by the third decade of the twentieth century to make Paraguayans feel that 'possession was nine points of the law'. To leave Paraguay in possession of the south-eastern portion of the Chaco, however, would have debarred Bolivia from access to the lower reaches of the River Paraguay. Thus both rights extended as far as the confluence of the Rivers Paraguay and Pilcomayo. The Bolivians consistently refused to recognize the validity of an award, fixing the frontier between Paraguay and Argentina, which had been made by President Hayes of the United States in 1878, and which had assigned to Paraguay the south-east corner of the Chaco between the Rivers Verde and Pilcomayo.

<sup>1</sup> See the *Survey for 1930*, p. 422.

<sup>2</sup> Bolivia had been deprived of her Pacific coast-line after the war of 1879-83 in which the allies Peru and Bolivia had been defeated by Chile. By a treaty of 1904, Chile had granted to Bolivia, in perpetuity, 'the most ample and free right of commercial transit through its territory and the ports of the Pacific'. It was not certain, however, whether this right would cover the transit of munitions in time of war, and doubt on this point was said to have influenced Bolivia in her attitude towards the Chaco and an outlet on the Atlantic. This question of the transit of munitions became acute during the conflict of 1932-3 (see p. 418 below.)

<sup>3</sup> Argentina was the foreign Power most interested in the opening up of the Chaco.

countries considered that the issues at stake affected their vital interests, and the dispute was therefore of the kind which Governments were accustomed before the War of 1914-18 to withhold from arbitral settlement. Both Bolivia and Paraguay were sufficiently under the influence of 'post-war' ideas of international morality to feel it desirable that they should proclaim their readiness to submit the dispute to arbitration, but both were fertile in finding objections to the specific proposals for pacific settlement which were laid before them. The possibility that an arbitrator might feel bound to take Paraguay's plea of *de facto* possession into account, as well as her claim under the Hayes award, was probably responsible for the fact that La Paz at first displayed greater reluctance than Asuncion to accept the formulas which were offered by third parties.

The restoration in the Chaco of the *status quo ante* December 1928, which was finally effected during the summer of 1930, thus left the real problem untouched, and the knowledge that a further clash might occur at any moment—since Bolivia and Paraguay continued to maintain garrisons in the numerous small forts which were scattered throughout the territory, particularly in the neighbourhood of the river Pilcomayo—induced the neutral countries not to relax their efforts to promote a definitive settlement of the dispute. The task of mediating between Bolivia and Paraguay had been entrusted by the Pan-American Conference on Arbitration to the representatives of five American countries—the United States, Cuba, Colombia, Mexico, and Uruguay; and in October 1929 both Bolivia and Paraguay had agreed to a proposal that these five countries should appoint delegates to form a neutral commission whose duty it would be to exercise good offices in overcoming any difficulties which might arise in the course of direct negotiations for a settlement, into which the disputants undertook to enter at Washington.<sup>1</sup> The opening of these negotiations was delayed, however, for two years—partly as a result of political disturbances in Bolivia, where a revolution in June 1930<sup>1</sup> was followed by a period of nine months during which no stable Government was formed.

In the meantime 'incidents' were reported from time to time from the Chaco, though no fighting on a serious scale appears to have taken place during the years 1930 and 1931. An affray in January 1930 threatened to wreck the negotiations which were still in progress for the settlement of the incidents of December 1928, but this affair was disposed of without undue difficulty.<sup>2</sup> Eighteen months later, in June 1931, the tension was again dangerously high; either side accused the

<sup>1</sup> See the *Survey for 1930*, p. 372.

<sup>2</sup> *Op. cit.*, pp. 434-5.

other of military preparations; and in the first week of July diplomatic relations were broken off once more. The Neutral Commission at Washington continued to urge the two countries to enter into negotiations for a settlement of their territorial differences, and by the end of August both Bolivia and Paraguay had agreed to send representatives to Washington, though only to discuss the conclusion of a pact of non-aggression. After further pressure, in the form of a joint appeal from all the other nineteen states members of the Pan-American Union, had been exercised in order to induce the two countries to take this first step, negotiations actually began in Washington on the 11th November, 1931, under the auspices of the Neutral Commission, whose chairman was Mr. Francis White, an Assistant Secretary of State of the United States. Bolivia and Paraguay both submitted drafts of a pact of non-aggression. The basis of the Bolivian proposal was that either party should maintain its existing positions in the Chaco, whereas Paraguay desired the abandonment of forts and outposts established since 1907<sup>1</sup>—a measure which would have compelled Bolivia to evacuate the greater part of the territory which she had occupied. Since it appeared to be impossible to reconcile these proposals, the Neutral Commission prepared a draft of its own, which was presented to the disputants early in May 1932. This draft provided for the establishment of a neutral zone between the Bolivian and Paraguayan forces, the investigation by *ad hoc* Commissions of any incidents that might occur, and the resumption of diplomatic relations. It stipulated further that the two parties should begin negotiations for a final settlement without delay and should undertake to submit the dispute to arbitration if agreement were not reached within six months.

This draft pact of non-aggression was still under consideration when the news reached Washington early in July that fighting had taken place in the Chaco. During the early months of 1932 reports of intensive military preparations had been received,<sup>2</sup> and these reports had caused concern not only to the American Governments which were represented on the Neutral Commission but also to the Governments of the countries adjacent to Bolivia and Paraguay.

Argentina, in particular, had always displayed great interest in the

<sup>1</sup> In that year a protocol had been signed providing for an arbitral decision as to the ownership of a specified zone of territory, and for the maintenance of the *status quo* pending the settlement of the dispute (see the *Survey for 1930*, p. 424).

<sup>2</sup> There were also reports that Paraguay was in negotiation over a project for settling European colonists in the Chaco on a large scale. The Bolivian Government instructed their Legations and Consulates in Europe to notify intending colonists that they must apply to Bolivia and not to Paraguay.

Chaco dispute, and on more than one occasion in the past she had attempted in vain to act as mediator.<sup>1</sup> The attitude of the Argentinian Government was no doubt determined largely by the fact that Argentinian subjects had considerable financial interests in Paraguay and in the Chaco, but the position of Argentina *vis-à-vis* the United States also played its part. For some years the Argentinian Government had adopted a policy of direct opposition to the United States,<sup>2</sup> and, although this policy had been modified since the revolution which took place in Argentina in September 1930,<sup>3</sup> the Government at Buenos Aires were still reluctant to see the United States take the leading part in settling a South American dispute. In this case, moreover, Argentinian opinion believed—or professed to believe—that the United States was not whole-heartedly neutral but was inclined to favour Bolivia. The grounds for this suspicion were the facts that citizens of the United States possessed considerable financial interests in Bolivia and that the State Department at Washington in 1928 had authorized a loan to the Bolivian Government—a loan which was said to have been expended almost entirely in the purchase of munitions.<sup>4</sup> Argentina, however, was in no position to criticize the suitability of the United States as a mediator on grounds such as these, for her own connexion with Paraguay naturally made her suspect in Bolivian eyes.<sup>5</sup>

Unfortunately, relations were also somewhat strained between Bolivia and Chile, on account of Bolivia's refusal to accept the settlement of the Tacna-Arica dispute between Chile and Peru.<sup>6</sup> Bolivia had refused to agree to the inclusion of Chile among the five members of the Commission appointed to act as conciliators in the 1928 dispute, and since Argentina, Brazil, and Peru had declined an invitation to serve, none of the four neighbouring states was represented either on that Commission or on the Neutral Commission which superintended the negotiations that began in November 1931. In April 1932, however, when the situation in the Chaco showed signs of dangerous developments, Argentina, Brazil, Chile, and Peru were called into consultation by the Neutral Commission, with the suggestion that they should take a direct part in the work of mediation. Argentina

<sup>1</sup> See the *Survey for 1930*, pp. 424, 429–30.

<sup>2</sup> See the *Survey for 1927*, Part IV A, sections (i) and (ii); the *Survey for 1930*, p. 375.

<sup>3</sup> See the *Survey for 1930*, pp. 372, 375.

<sup>4</sup> The Bolivian Government were in default in the payment of interest on this loan and indeed on most of their American loans.

<sup>5</sup> Bolivian suspicions of Argentina's disinterestedness were increased by the presence of an Argentinian military mission in Paraguay in the years 1931 and 1932.

<sup>6</sup> See the *Survey for 1930*, Part V, section (vii).

again refused this invitation; Peru and Brazil were reported to have signified that they were content to leave the matter in the hands of the Neutral Commission; while Chile was ready to join the Commission only on the condition that the other three states also took part. The failure of the Neutral Commission and the four neighbouring states to come to an arrangement for co-operation at this stage was responsible for much of the wasted effort that was expended during the following months in endeavouring to persuade Bolivia and Paraguay to settle their differences by peaceful means.

The fighting which took place in the Chaco in June 1932 marked the opening of a conflict which was to give rise to the first declaration of war since the close of the General War of 1914-18, and which was to continue, with only an occasional temporary respite, down to the time of writing. For over two years these two minor states, whose combined population was only about 4,000,000,<sup>1</sup> were able to set world opinion at defiance and to resist the moral suasion exercised by their fellow American countries (including the United States) and by the Council of the League of Nations: an unedifying spectacle which would no doubt have attracted more attention if the situation in the Far East had not already provided ample illustration of the ineffectiveness of moral pressure upon states which disregarded their treaty obligations not to resort to war. The attitude of the two states towards each of the numerous proposals for a settlement of the dispute which were presented to them during this period was naturally influenced to a certain extent by the military situation at the time—not always in the sense that the Government whose forces were suffering reverses at any given moment was more likely to agree to pacific means of settlement than the Government whose forces appeared to be gaining the upper hand, since considerations of prestige were apt to make the temporarily defeated state reluctant to cease fighting until it had scored a success in its turn and had thus wiped out what it felt to be a stain upon its national honour. It may, therefore, be convenient to give a brief account of the military operations before going on to describe the unavailing efforts of mediators to find a basis on which both belligerents would agree to lay down their arms.

The scope of the operations was restricted by the nature of the terrain and by the exigencies of the climate. Many of the smaller forts and outposts changed hands several times, and there were certain key positions the possession of which was fiercely contested; but for the

<sup>1</sup> The population of Paraguay was about 1,000,000 and that of Bolivia about 3,000,000.

most part trench warfare adapted to jungle conditions was the order of the day. The opposing forces faced one another along a front which sometimes extended to a length of two hundred and fifty miles, and although in some places their lines were less than one hundred yards apart, the thickness of the undergrowth which separated them kept either side in ignorance of the other's movements. Considering the limited resources of the combatants, the expenditure of men and of munitions was surprisingly heavy. After eighteen months of warfare the casualties on both sides were said to amount to 100,000 men—the Bolivian losses being much heavier than those of Paraguay. As for material, both sides possessed machine-guns, trench mortars, and quick-firing artillery, and the Bolivians in particular made considerable use of aeroplanes.<sup>1</sup> Armoured cars and flame-projectors were also used by both disputants. (How two small countries, both of which were in serious financial straits even before the fighting began, managed to pay for their supplies of these modern weapons remained something of a mystery to the outside world.)<sup>2</sup> Bolivia had greater resources to draw upon than Paraguay, but during the earlier stages of the conflict the latter had the immense advantage of operating close to her base. The most advanced of the Paraguayan forts was not more than two hundred miles from the River Paraguay, and communication by road and rail had been fairly well developed before the military operations began. Bolivia's lines of communication were more than three times as long, and only about half of the distance between La Paz and the Bolivian advance line was covered by a railway. The difficulty of transport, especially in the rainy season, was therefore extreme.

<sup>1</sup> The Paraguayans complained that Bolivian aeroplanes dropped bombs upon non-combatants. At the beginning of August 1932 the bombing of the Mennonite settlement in the Chaco was reported (for the Mennonite colony, see the *Survey for 1930*, p. 422); and in April 1933 the bombing of Puerto Casado on the Paraguay River involved Bolivia in an acrimonious exchange of notes with Argentina, some of whose nationals suffered damage to their property. Accusations of the use, or projected use, of poisonous gas were made by both parties, and either side also declared that the other was disregarding the laws of civilized warfare by maltreating prisoners, killing the wounded, firing on stretcher-bearers, and so on. The allegations regarding the treatment of prisoners, at all events, seem to have been unfounded, for the question was investigated in 1933 by a Commission appointed by the International Red Cross, which reported that the prisoners were well treated on both sides. This particular accusation was frequently made by the Bolivians—possibly with the object of discouraging desertion from the ranks, which constituted a serious problem.

<sup>2</sup> In the case of Bolivia, a partial explanation was provided by the great increase in the production of tin and other metals and the improvement in export prices which took place in 1933. There was a 50 per cent. increase in Bolivian tin production in 1933 compared with the previous year, and the price doubled during the same period.



Moreover, the Paraguayan soldiers were accustomed to the climate of the Chaco, and were more or less at home in the jungle, whereas the Bolivians, whose homelands were several thousand feet above sea-level, were seriously affected by the tropical conditions in which they were obliged to fight.<sup>1</sup>

The first clash between the Bolivian and the Paraguayan forces in 1932 occurred on the 15th June. Either side accused the other of aggression on this occasion and in subsequent incidents at the end of June and in the middle of July. By the last week of July war fever was running high in both countries, and both had begun to mobilize their armies. During the latter part of July, the Bolivians succeeded in capturing two or three Paraguayan forts (in reprisal, they declared, for the occupation of Bolivian forts by Paraguay), and at the beginning of August they took Fort Boqueron, a Paraguayan post in a strategic position about midway between the rivers Paraguay and Pilcomayo, which had played an important part in the incidents of December 1928.<sup>2</sup> Sporadic fighting continued throughout August, and by the second week of September the Paraguayan Army had launched a determined attack against the Bolivian forces in the neighbourhood of Fort Boqueron. The onset of the rainy season hampered the Bolivians, who were unable to bring up reinforcements, and an unsettled political situation in Bolivia added a further complication. Fort Boqueron surrendered at the end of September, and the Paraguayan successes continued throughout October. Fort Arce, an important Bolivian post situated to the south of Fort Boqueron, fell in the third week of October, and by the end of that month the Bolivians had lost a dozen forts, and a large part of their army was retreating south-westwards towards their head-quarters at Fort Muñoz, some fifty miles behind the main line of forts (which roughly followed the 60th meridian). The advance of the Paraguayans, however, was blocked by Fort Saavedra, which they failed to capture after severe fighting, and in the middle of November the Bolivian

<sup>1</sup> The rank and file of both armies was composed of Indians. The Paraguayans were famous for their fighting qualities and for their refusal to recognize defeat. Between the years 1864 and 1870, when Paraguay, under the leadership of the dictator Lopez, was engaged in a hopeless struggle with Brazil, Argentina, and Uruguay, four-fifths of the male population of the country was sacrificed to the fetish of national honour. Paraguay also had the advantage of a greater degree of national homogeneity than Bolivia. The Paraguayan Guarani Indians were accustomed to think of themselves as 'Paraguayos', whereas the Bolivian Indians were 'los Indios' first and foremost, and were normally in a state of discontent. The war, however, made a very strong patriotic appeal in Bolivia as well as in Paraguay, and the *moral* of the Bolivian Army showed a marked improvement as time went on.

<sup>2</sup> See the *Survey for 1930*, Part V, section (viii).

forces rallied and began a counter-attack. The efforts of the Paraguayans to take Fort Saavedra continued to meet with no success, and at the end of December 1932 they began to retreat from the Pilcomayo sector.<sup>1</sup> They did not, however, abandon their last post in the neighbourhood of Fort Saavedra until March 1933.

By the end of 1932 the political situation in Bolivia had become more stable,<sup>2</sup> and the Government had appointed General Hans Kundt to command their forces in the Chaco. General Kundt, a German who had acquired Bolivian nationality, had helped to organize the Bolivian Army during the years following the close of the General War,<sup>3</sup> but he had been obliged to leave his adopted country as a result of the revolution of 1930 and had returned to Germany. He was recalled in the autumn of 1932, and his arrival in the Chaco temporarily turned the tide. He organized the transport system, the failure of which had been largely responsible for the Bolivian reverses, and with a supply of fresh troops he was able to take the offensive. The main objective of the Bolivians was believed to be the capture of Puerto Casado, which would have given them control of the River Paraguay, but they failed to attain this aim, and attempts to break through the Paraguayan lines to the south were also unsuccessful. General Kundt's methods resembled those of the Germans in the General War and his successive attacks involved a heavy casualty rate. On the other hand the Paraguayans (whose commander, Colonel Estigarribia, had received his military training at St. Cyr) adopted the French tactics of defence, and their opponents found it impossible to wear down their dogged resistance. The fighting during this phase of the operations, which lasted for about nine months from December 1932, centred mainly round Fort Nanawa (or Ayala)—a post which was specially important because it was connected by a good road with Riacho Negro, on the opposite bank of the River Paraguay to Concepcion. Major operations were delayed until March 1933, when the rainy season ended, but by the middle of March the Bolivian attack was concentrated on Fort Nanawa, and during the next three months the Bolivian Army spent much of its strength in a vain attempt to capture this post. It was during this period, on the 10th

<sup>1</sup> A Christmas truce of twenty-four hours' duration was arranged at the suggestion of the Pope.

<sup>2</sup> In October there were reported to be four reorganizations of the Cabinet in a fortnight, but a Government which took office in the middle of November succeeded in consolidating its position.

<sup>3</sup> Another German who was engaged in the same task was the notorious Captain Röhm, who was recalled to Germany by Herr Hitler in 1930 and acted as Chief of Staff of the Nazi S.A. until his death on the 30th June, 1934.

May, that the Paraguayan Government issued a decree declaring that a state of war existed between Bolivia and Paraguay. In the middle of July a fierce battle was reported to have taken place in the neighbourhood of Fort Gondra (to the north of Fort Nanawa), but otherwise there was little active fighting between June and September. The Bolivians suffered more severely from lack of water-supplies in the dry season than their opponents, and when the Paraguayans took the offensive again in their turn, in October 1933, it was not long before the Bolivian resistance temporarily collapsed.

After two months of intensive fighting, the Bolivians suffered a more severe reverse than had yet befallen either side. On the 10th December, the Paraguayans captured Fort Alihuata (or Zenteno), a key position between Forts Arce and Saavedra. The Bolivian retreat was hampered by rain; and between 10,000 and 14,000 Bolivians, together with large quantities of munitions, were said to have fallen into Paraguayan hands. The Paraguayan commander pressed his advantage home, and the capture of Fort Saavedra on the 12th December left the way open to Fort Muñoz, which also fell on the 19th December. At midnight on the 19th/20th December, 1933, a truce, proposed by Paraguay, came into force for ten days; but although this was prolonged, in response to neutral appeals, until the 6th January, 1934, the hope that the fighting in the Chaco had finally ceased was not fulfilled.

When military operations were resumed on the termination of the truce, the Paraguayan forces continued at first to enjoy a considerable measure of success. One Bolivian fort after another fell into Paraguay's hands without resistance, and the whole of the Chaco east of the sixty-second meridian was soon under Paraguayan occupation. This advance of the Paraguayan lines, however, made the problem of transporting men and munitions from the bases on the Paraguay River increasingly serious, while the retreating Bolivian Army gained a corresponding advantage from the shortening of its lines of communication. Moreover, it soon appeared that the Bolivian retreat had been deliberately planned with the object of drawing the enemy on until the Bolivian commander was ready to give battle in a position of his own choice. In February 1933 the section of the Paraguayan Army which had been operating in the northern area of the Chaco was held in check for some weeks in the neighbourhood of Fort Cabezón and thus prevented from effecting a union with the southern army. This delay gave the main body of the Bolivian Army time to entrench itself along a twenty-mile line to the east of Fort Ballivian

(the principal Bolivian supply base on the Pilcomayo River).<sup>1</sup> For the first time in the Chaco war, the position selected by the Bolivians for their stand lay in open fields, and the absence of cover gave the defenders (who were well supplied with machine-guns) an advantage of which they made full use. By the beginning of March the Paraguayan Army was concentrating on attempts either to drive the Bolivians from their trenches by a direct attack or to turn their flank in order to open the way to Fort Ballivian; and at the beginning of June, though both sides had suffered heavy losses in men and material, the attacking force had neither incurred a definite repulse nor apparently achieved, in three months' fighting, any closer approach to the attainment of its objective. During these three months, all the available military forces of Bolivia and Paraguay faced one another for the first time, and between 60,000 and 80,000 men were said to be engaged. Fierce fighting was reported from time to time,<sup>2</sup> and either side claimed successes and attributed a heavy casualty list to its opponent; but neutral observers formed the opinion that there was little or no chance that either Bolivia or Paraguay could win a sufficiently decisive victory to put an end to the conflict. If this war of attrition, with all its futile waste of human life and the misery which it brought in its train, was not to continue until one or both of the combatants reached exhaustion point, the parties must by some means be induced or compelled to accept a settlement less in accordance with their respective aspirations than the settlement which either hoped to be able to impose upon the other by force of arms.

During the whole of this period of nearly two years from the end of June 1932 to the beginning of June 1934, there had been scarcely any relaxation of the efforts of various groups of mediators to persuade the two combatants to abandon their attempt to settle their dispute by force of arms in favour of the procedure of arbitration.<sup>3</sup> At the

<sup>1</sup> Fort Ballivian marked the south-western end of the line to which the Bolivian Army would have withdrawn if the proposals put forward by the Neutral Commission in December 1932 had been accepted (see p. 413 below).

<sup>2</sup> A special feature of this period was the renewal of accusations by either side that its opponent was disregarding the laws of civilized warfare. Early in May, Paraguay reported that Bolivian aeroplanes had bombed certain Paraguayan industrial establishments situated outside the zone of military operations, and the Paraguayan Government went so far as to notify the League of Nations that, in these circumstances, they considered themselves released from the obligation to respect the rules of international law. Thereafter, rumours that Paraguay had begun to take reprisals against prisoners of war were circulated from the Bolivian side.

<sup>3</sup> For an account of the efforts at mediation down to the Paraguayan declaration of war on the 10th May, 1933, see Chapter II of the Report of the Chaco Commission (League of Nations publication *VII. Political 1934. VII. 1*); see also

outset, the lead was taken by the Commission of Neutrals at Washington, whose members were engaged in negotiations with Bolivia and Paraguay when hostilities began. The 'A.B.C. Peru' group of neighbouring Powers also offered their good offices at an early stage of the conflict. On the other hand the Council of the League of Nations, though it was informed of the dispute in July 1932, did not intervene actively until after the Commission of Neutrals had virtually washed their hands of the affair. Finally, towards the end of the period under review, all the other American nations, assembled at Montevideo for the Seventh Pan-American Conference in December 1933, brought their collective influence to bear upon the disputants.

There were various causes, apart from the obstinacy of the belligerents, which helped to contribute towards the failure of every attempt to re-establish peace. One important factor has already been mentioned—the lack of co-operation, amounting in effect to rivalry, between the Neutral Commission and the group of neighbouring Powers. A serious additional complication was introduced early in 1933, when another territorial dispute—that between Colombia and Peru over Leticia<sup>1</sup>—led to a second outbreak of hostilities in South America. Yet another difficulty was presented by the fact that the machinery for the peaceful settlement of disputes which had been elaborated in the American hemisphere since the end of the General War could not be set in motion in the case of the Chaco conflict, because the relevant treaties were not binding on both of the disputants. Bolivia had not ratified the Pan-American Treaty for the Pacific Settlement of Disputes of the 3rd May, 1923 (the Gondra Pact),<sup>2</sup> and neither Bolivia nor Paraguay had ratified the treaties of arbitration and conciliation which had been drawn up by the Pan-American Arbitration Conference in January 1929.<sup>3</sup> Moreover, Bolivia had not adhered to the 'Kellogg-Briand Pact' for the Renunciation of War of the 27th August, 1928. Thus the only treaty prohibiting war by which both parties to the dispute were bound was the Covenant of the League of Nations. It was a recognition of this fact (as well as of the truth of the adage that 'too many cooks spoil the broth') which led to the concentration of peace efforts in the hands

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<sup>1</sup> See section (v) of this part of the present volume. The effect of the Leticia dispute upon attempts to settle the Chaco dispute was all the more serious because Colombia was a member of the Neutral Commission at Washington, while Peru was a member of the 'A.B.C.P.' group.

<sup>2</sup> See the *Survey for 1925*, vol. ii, p. 409.

<sup>3</sup> See the *Survey for 1930*, Part V, section (ii).

of the League of Nations Council in 1933. The Council, however, had its own special difficulties to contend with in handling the matter. It was naturally reluctant to intervene actively in an area to which the Monroe Doctrine applied,<sup>1</sup> and during the earlier phases of the dispute there appeared to be some grounds for the belief that such intervention would be unwelcome. Even after the United States, through the agency of the Neutral Commission, had notified Geneva that the road was clear, the Council was hampered in the execution of its task by an expression of preference on the part of both belligerents for mediation by the neighbouring Powers.<sup>2</sup> An even more serious handicap was the decline in the Council's prestige as a result of its failure to curb Japanese aggression in Manchuria.<sup>3</sup> It may be conjectured that it was the repercussions of the Sino-Japanese dispute, combined with the economic crisis (especially its effects in the United States), that emboldened Bolivia and Paraguay to resist the continuous exercise of pressure of the same kind as that which had speedily brought them to see reason in December 1928.

The reasons which were adduced by either Bolivia or Paraguay, or both, for rejecting specific proposals for peaceful settlement varied with the nature of the proposals, but the general attitude of each of the two parties underwent little change. It has been indicated that Bolivia had shown greater reluctance than Paraguay to accept international conventions providing for the pacific settlement of disputes,<sup>4</sup> and while she consistently professed readiness to submit the Chaco dispute to arbitration, she stipulated that the arbitration should apply only to a definite zone—the zone which she had in mind consisting of the portion of the Chaco which had been partially colonized by Paraguay and in which the fighting was actually taking place. Paraguay, on the other hand, said that she desired 'integral arbitration'—that is, she refused to agree to the exclusion from arbitration, in favour of Bolivia, of any part of the Chaco. The underlying aims of the two Governments were not far to seek. Bolivia wanted to limit the zone subject to arbitration in the hope of securing definitive possession of a great part of the Chaco Boreal, whatever the nature of the arbitral

<sup>1</sup> In the case of the 1928 dispute over the Chaco, the Council had taken action at an early stage, but it had gladly left the negotiation of a settlement in the hands of the Pan-American Arbitration Conference as soon as that body showed itself ready to accept the responsibility (see the *Survey for 1930*, Part V, section (viii)).

<sup>2</sup> See p. 422 below.

<sup>3</sup> See the *Survey for 1931*, Part IV, section (iii) (b); the *Survey for 1932*, Part V.

<sup>4</sup> Paraguay was a party to the Gondra Pact and to the Kellogg-Briand Pact, and on the 11th May, 1933, she deposited her ratification of the Optional Clause of the Statute of the Permanent Court of International Justice.

award might be; while Paraguay hoped that 'integral' arbitration would give her the right to expand north-westwards and at the same time remove the threat to her security which would, she felt, continue to exist as long as Bolivia was within striking distance of the Paraguay River. Similar motives inspired the attitude of the two Governments on the question of conditions for a temporary or permanent cessation of hostilities. Bolivia wanted to retain the positions which she held at any given moment while negotiations for a settlement were in progress, whereas Paraguay declared that it was impossible for her to lay down arms unless she were guaranteed against a resumption of fighting by the withdrawal of the Bolivian troops. Either country apparently felt that the other would reap undue advantage from a temporary cessation of hostilities and could not be trusted to observe the terms of a truce. Now one and now the other proved the more intransigent, and if Paraguay's record was rather better than that of Bolivia so far as a declared willingness to accept arbitral procedure was concerned, it was Paraguay who took the step of declaring war in May 1933, and it was also Paraguay, flushed with her success at Alihuata, who wrecked the hope that the armistice of December 1933 might be converted into a permanent peace.

It has been mentioned that, at the moment when the first fighting took place in the Chaco in June 1932, representatives of the Governments of Bolivia and Paraguay were engaged (rather half-heartedly, it is true) in negotiations for a pact of non-aggression, under the auspices of the Commission of Neutrals at Washington. On the 8th July the Paraguayan Government withdrew their delegate from the conference on the ground that Bolivia had been guilty of fresh acts of aggression in the Chaco. This action on the part of Paraguay terminated the negotiations, but the Government at Asuncion subsequently agreed to a request from the Neutral Commission that their representative should remain in Washington for the time being. On the 21st July the Neutral Commission formally appealed to both Bolivia and Paraguay to refrain from further acts which might aggravate the situation. In reply, either Government accused the other of aggression, and while Paraguay assured the Commission that she would not commit any hostile act and declared that she would welcome neutral investigation of the crisis, Bolivia took the line that her peaceful attitude needed no further demonstration, and declared that her dignity forbade her to resume negotiations for a pact of non-aggression in existing circumstances. Further pressure elicited from Bolivia at the beginning of August an assurance that she also was willing to agree to an investigation of the position. The Bolivian

Government added, however, that what they desired was a final solution of the dispute, and that they were resolved to settle the question once and for all, and this by force of arms if other means failed.

Meanwhile, the possibility of joint representations by all the American nations other than the disputants had been under consideration,<sup>1</sup> and the outcome was the dispatch to Bolivia and Paraguay on the 3rd August, 1932, of identic notes in which nineteen American states formally announced their intention of applying to the Chaco conflict the 'non-recognition' doctrine which had been enunciated eight months earlier by the Secretary of State of the United States in connexion with the Manchuria dispute.<sup>2</sup> The text of the note ran as follows:

The representatives of all the American Republics meeting in Washington, the seat of the Neutral Commission, having been duly authorized by their respective Governments, have the honour to make the following declaration to the Governments of Bolivia and Paraguay:

'Respect for law is a tradition among the American nations, who are opposed to force and renounce it both for the solution of their controversies and as an instrument of national policy in their reciprocal relations. They have long been the proponents of the doctrine that the arrangement of all disputes and conflicts of whatever nature or origin that may arise between them can only be sought by peaceful means. The history of the American nations shows that all the boundary and territorial controversies have been arranged by such means. Therefore, the nations of America declare that the Chaco dispute is susceptible of a peaceful solution, and they earnestly request Bolivia and Paraguay to submit immediately the solution of this controversy to an arrangement by arbitration or by such other peaceful means as may be acceptable to both.

'As regards the responsibilities which may arise from the various encounters which have occurred from the 15th June to date, they consider that the countries in conflict should present to the Neutral Commission all the documentation which they may consider pertinent and which will be examined by it. They do not doubt that the country which this investigation shows to be the aggressor will desire to give satisfaction to the one attacked, thus eliminating all misunderstanding between them.

'They furthermore invite the Governments of Bolivia and Paraguay to make a solemn declaration to the effect that they will stop the movement of troops in the disputed territory, which should clear up the atmosphere and make easy the road to the solution of good understanding which America hopes for in the name of the permanent interests of all the countries of this hemisphere.

<sup>1</sup> The negotiations with the other fourteen countries were conducted by the Neutral Commission at Washington, but the suggestion for the application of the non-recognition doctrine was said to have come from Mexico.

<sup>2</sup> See the *Survey for 1932*, Part V, section (iv) (b).



'The American nations further declare that they will not recognize any territorial arrangement of this controversy which has not been obtained by peaceful means nor the validity of territorial acquisitions which may be obtained through occupation or conquest by force of arms.'

This *démarche* created a highly important precedent, and if all the nineteen states concerned faithfully observed their undertakings, their formal adoption of the principle of not recognizing territorial changes effected by force of arms would no doubt, in the long run, greatly strengthen the movement for the peaceful settlement of disputes in the American hemisphere. But it failed signally to achieve its immediate object of inducing Bolivia and Paraguay to cease fighting.<sup>1</sup> Paraguay did indeed return a soft answer to the joint note, agreeing to the restoration of the *status quo* in the Chaco, but Bolivia rejected the non-recognition doctrine as inapplicable<sup>2</sup> and denied that she had any intention of conquering territory which was not her own. Bolivia adopted a similar attitude in regard to all the proposals made by third parties during the first few weeks of the conflict (when, it will be recalled, her troops were meeting with a considerable measure of success).

The four neighbours of Bolivia and Paraguay had already taken independent steps when they joined in the *démarche* of the 3rd August, 1932. During the last week of July conversations took place, on Argentina's initiative, between the four Powers, who were said to have had under consideration the desirability of declaring that a state of war existed in the Chaco and of denying the belligerents the right to transport munitions across their territory. Measures of this kind would, of course, have borne much more hardly upon Bolivia than upon Paraguay, since Paraguay had direct access to the sea<sup>3</sup> whereas Bolivia would be cut off completely from the supply of war materials if Argentina, Brazil, Chile, and Peru closed their frontiers. The fear of a blockade did not, however, deter Bolivia from rejecting an offer of mediation from the A.B.C.P. Powers at the end of July, possibly because she was aware that the four states were not sufficiently of one mind to make the threat of united action very serious.

<sup>1</sup> Nor did it deter Colombia and Peru from resorting to force for the settlement of their dispute over Leticia (see section (v) of this part of the present volume).

<sup>2</sup> Since Bolivia was not a party to the Kellogg-Briand Pact, there was not the legal basis for the application of the non-recognition doctrine which existed in the case of the Sino-Japanese dispute.

<sup>3</sup> Free navigation of the Paraná and Paraguay rivers was guaranteed by a treaty of the 29th July, 1856, between Paraguay and the Argentine Confederation.

Brazil, in particular, seems to have been reluctant to take any step directed specially against Bolivia. On the 6th August Argentina, Chile, Brazil, and Peru signed an agreement declaring their strict neutrality in the Chaco dispute,<sup>1</sup> calling upon Bolivia and Paraguay to avoid further hostile acts, offering their good offices as intermediaries between the two disputants, and undertaking to collaborate with the Commission of Neutrals in their efforts to restore peace. The Foreign Minister of Argentina took occasion to point out that this agreement did not mean that the A.B.C.P. countries bound themselves not to take action independently of the Commission of Neutrals, and in fact the promise of collaboration was not fulfilled.

Before the despatch of the joint note of the 3rd August, the Commission of Neutrals had suggested to Bolivia and Paraguay that they should suspend hostilities on the basis of the *status quo* of the 1st June, 1932, and should then enter into negotiations with a view to the submission of the dispute to arbitration. This proposal was accepted by Paraguay at the end of the first week of August, but Bolivia replied by a counter-proposal for an armistice on the basis of the retention of acquisitions made since the fighting began. The neutrals rejected this suggestion as unacceptable, and Paraguay declared that she could not consider entering upon peace negotiations unless Bolivia evacuated the positions which she had occupied. In further correspondence with the Neutral Commission, Bolivia put forward the point of view that the principle of non-recognition of territorial changes brought about by force could not logically be made retroactive unless a thorough-going alteration of the whole map of North and South America were contemplated. At the end of August the Neutral Commission suggested that the two parties should agree to a truce for sixty days (apparently on the basis of the retention of existing positions), but this proposal was not acceptable to Paraguay. The Paraguayan forces had now taken the offensive in the Chaco and were gaining ground, and the Government felt that the only effect of a truce would be to give time for Bolivia to complete mobilization and draft reinforcements to the front. They declared, therefore, that they could only agree to an armistice if they were guaranteed against the resumption of Bolivian attacks on its conclusion, and they suggested that both sides should withdraw from the Chaco and demobilize their armies. Bolivia, on the other hand, felt that the terms proposed by Paraguay would be greatly to the advantage of

<sup>1</sup> Shortly after the conclusion of this agreement Argentina withdrew her military mission from Paraguay, but the head of the mission subsequently returned to Asuncion as Argentinian military *attaché*.

that country, owing to her proximity to the Chaco, and, though she expressed herself ready to accept a thirty days' truce, she was not willing to withdraw or demobilize her forces or even to suspend mobilization. It proved impossible, also, to arrange an immediate suspension of hostilities on the basis of a suggestion for the establishment of a neutral zone between the opposing forces and the supervision by neutral military officers of their withdrawal outside the limits of the zone. On the 22nd September the Neutral Commission put forward a new proposal which contained the first indication that the possibility of applying coercion was not being overlooked. This proposal was to the effect that both parties should agree to an 'unconditional termination of hostilities' and to the 'immediate initiation of negotiations for settlement of their differences by means of an arbitration without reservation'. The Neutral Commission would send representatives to the Chaco to verify the termination of hostilities, and if either party should be found to have violated the armistice it was proposed that the Commission should declare that country the aggressor and should 'suggest that all Governments of America withdraw their diplomatic and consular representatives from that country'. This plan did not meet with the approval of either disputant. Bolivia refused to agree to unconditional arbitration but offered to accept a local truce in the neighbourhood of Fort Boqueron. Paraguay (who was on the point of capturing Fort Boqueron) reiterated the demands for guarantees of security which Bolivia had already rejected. Moreover, the plan of the 22nd September encountered opposition from Argentina as well as from the belligerents themselves.

During August and September 1932 the A.B.C.P. Powers had contented themselves with watching developments and with refraining from interference in the efforts of the Neutral Commission.<sup>1</sup> On the 18th October, however, the Argentinian Government presented a note to the chairman of the Neutral Commission pointing out that the adoption of coercive measures, such as the severance of diplomatic relations which had been suggested by the Commission, could be 'based only on a treaty accepted beforehand by the countries to which it' was 'to apply'. Argentina, it was explained, had adhered to the joint declaration of the 3rd August on the understanding 'that only moral pressure would be involved, supported by the juridical effects

<sup>1</sup> Argentina was reported to have made a proposal in the middle of August for the establishment of a neutral zone, which was accepted by Paraguay but not by Bolivia; but no step seems to have been taken by the A.B.C.P. group, as such, between the signature of the agreement of the 6th August and February 1933.

of the common neutrality of the limitrophe countries'. The Neutral Commission replied to this protest on the 4th November. They took the view that the measures proposed on the 22nd September would be consistent with international law because no part of the plan could be carried out unless the two parties agreed to it. They suggested, moreover, that action designed to promote the peaceful settlement of a dispute ought not to be 'limited to treaties already signed and ratified'; and explained that it was for that reason that the Commission 'did not hesitate to sponsor the declaration of the 3rd August, 1932'. In a further note, despatched in the middle of November, the Argentinian Government expressed the opinion that, since the Covenant of the League of Nations was the only treaty applicable to the Chaco dispute which was binding upon both Bolivia and Paraguay, the task of attempting to settle the dispute ought to be entrusted to the League Council. The note went on to declare that if the Council were to act, it could and must 'develop its action without finding an obstacle in regional or continental doctrines which, for our part, we believe it necessary to affirm, have neither the adhesion of Argentina nor a sanction by the unanimous will of the countries of the Continent'. This direct attack upon the Monroe Doctrine did not elicit any rejoinder from the Neutral Commission, nor did the implicit accusation that the United States, through the agency of the Neutral Commission, was deliberately putting obstacles in the way of effective intervention by the League Council in the Chaco dispute, appear to exercise any immediate influence upon relations between the Neutral Commission and the Council.

The Secretariat of the League of Nations had received notification of the fighting in the Chaco from both Bolivia and Paraguay before the end of July 1932, but the action taken by the League was confined for some weeks to the despatch of repeated appeals to the disputants from the acting President of the Council<sup>1</sup> (an office which happened at the moment to be occupied by a citizen of a Latin-American state—Señor Matos of Guatemala). In response to these appeals both countries sent assurances of their readiness to accept a peaceful settlement, but while Paraguay agreed unreservedly to arbitration, and even offered to let the arbitrators frame their own terms of reference, Bolivia was reluctant to commit herself definitely to either of the methods of pacific settlement stipulated in Article 12

<sup>1</sup> At the beginning of August the Governments of Great Britain, France, Germany, Italy, and Spain, acting on a suggestion from the League Secretariat, instructed their representatives at La Paz and Asuncion to support the appeal from the President of the Council.

of the Covenant—that is, to arbitration or to an inquiry by the Council. By the time when the Council assembled for its seventy-sixth session on the 22nd September, 1932, the fighting in the Chaco had assumed serious proportions, and certain members of the Council (notably the representatives of Spain and of France) were strongly of opinion that the fact that the scene of the conflict was in South America did not absolve the Council from doing everything in its power to bring the dispute to an end. Other members of the Council felt, however, that it would be best to leave the settlement of the dispute in American hands, and the Council decided, as a compromise, to appoint a committee of three of its members<sup>1</sup> to follow the development of events and in particular to keep in touch with the efforts of the Neutral Commission at Washington to find a peaceful solution. The Council also despatched a telegram to Bolivia and Paraguay reminding them that they were 'legally and honourably bound' by their obligations under the Covenant 'not to have recourse to armed force' for the settlement of their dispute, and urging them to 'put an immediate stop to military action and preparation' and to accept the endeavours which were being made to assist them in reaching an amicable settlement.

The Committee of Three got into touch immediately with the Neutral Commission at Washington and received an assurance from the Commission that the support of the League was welcomed and that any suggestions which the Committee might have to offer would be readily considered. The Committee was encouraged by this reply to point out that the first essential in such cases was the withdrawal of the opposing forces to a certain distance from one another in order to eliminate the risk of further collisions, and that, in the experience of the Council, the most effective method of bringing about this result was the despatch of a commission of military officers to the spot. This suggestion was put forward on the 1st October, but it was not until the 13th that the Chairman of the Neutral Commission replied to it—and this in somewhat discouraging terms. Mr. White reminded the Committee of Three that the Neutral Commission had already proposed to the disputants that a neutral military commission should supervise the establishment of a zone between their forces. He explained that neither party had actually

<sup>1</sup> The representatives of the Irish Free State, Spain, and Guatemala. Mr. Sean Lester of the Irish Free State presided over the Committee until October 1933, when the Irish Free State ceased to be a member of the Council. Señor Castillo Najera of Mexico then succeeded Mr. Lester as chairman. Guatemala ceased to be a member of the Council at the same time and was replaced on the Committee by Czechoslovakia.

rejected this suggestion, and that the intention was that a military commission should be despatched as soon as the situation seemed appropriate. Mr. White added that negotiations for the termination of hostilities and for the acceptance by both parties of a basis for arbitration were 'proceeding satisfactorily'.

This assertion was based on the fact that the Neutral Commission, after prolonged negotiations with Bolivia and Paraguay, had produced on the 12th October yet another formula for bringing hostilities to an end, on which it hoped that agreement might be reached. This proposal provided for the separation of the two armies, the demobilization of reserves and the reduction of regular forces, the despatch of a neutral military commission to verify compliance with the provisions, and the initiation of negotiations for an arbitral settlement within a reasonable time after the signature of the agreement. The Commission succeeded in arranging a meeting between Bolivian and Paraguayan representatives on the 27th October,<sup>1</sup> at which this plan was discussed, but it still proved impossible to reconcile the opposing demands of the two disputants, and although the negotiations were not formally broken off they made no appreciable progress for six or seven weeks. Finally, on the 15th December, the Neutral Commission made public a comprehensive proposal which, they hoped, would serve to bridge the gulf. This proposal required the withdrawal of both armies—that of Paraguay for a distance of about two hundred miles to the Paraguay river, and that of Bolivia for about one hundred miles to a line running from Fort Ballivian on the Pilcomayo River to Fort Vitriones in the north-east corner of the Chaco, close to the Paraguay River. About three-quarters of the evacuated region would be policed by a small Paraguayan force and the remaining quarter by an equal number of Bolivian troops. Both armies were to be demobilized and neutral representatives were to verify the execution of the measures proposed. Provision was also made for the definitive settlement of the territorial question by arbitration. If differences arose concerning the delimitation of the zone which was to be the subject of arbitration, they would be settled by neutral geographical experts, and in default of agreement on an arbitral tribunal the case was to be submitted to the Permanent Court of International Justice at The Hague. It will be seen that the Neutral Commission, in putting forward this proposal, had taken account of the advantage which Paraguay enjoyed from her proximity to the Chaco, and, while their suggestion that the Paraguayan forces should

<sup>1</sup> Paraguay agreed on the 14th October to negotiate on this basis, and Bolivia (whose forces were suffering serious reverses) some ten days later.

withdraw twice as far as their opponents was designed to secure Bolivia's acceptance of the plan, it encountered the strongest opposition from Paraguay. The Paraguayan Government rejected the plan immediately, stigmatizing it as 'unsatisfactory and unjust' and as calculated to threaten the security and integrity of their country, and they recalled their representative from Washington—refusing on this occasion to listen to the appeal of the Neutral Commission that they should reconsider their decision. As soon as the news of Paraguay's rejection of the proposal was made public, Bolivia accepted it 'in principle' but refrained from presenting any observations in detail.

Meanwhile the Commission of Neutrals had appealed both to the League of Nations and to the other American countries to support their proposal. The Committee of Three appointed by the Council of the League had continued to keep in touch with the Neutral Commission, and early in November 1932 it had informed the Commission that it was 'seriously concerned' at the continued failure of the attempts to bring the fighting in the Chaco to an end. The Committee reported to the Council at the end of November, but the Council took no immediate action, beyond the despatch of another appeal to Bolivia and Paraguay to stop fighting and accept neutral mediation.<sup>1</sup> On the 6th December the Council gave a hearing to representatives of the two countries. Both declared that they were ready to suspend military operations without delay—though Paraguay again made it a condition that she should be guaranteed against a subsequent resumption of hostilities. The Council decided once more against any independent action and merely instructed the Committee of Three to remain in touch with the Neutral Commission and to render any possible assistance in the constitution of an impartial commission which might be despatched to the Chaco. Since it was still the policy of the Council to leave the initiative to the Neutral Commission, it made no difficulty over promising its support of the Commission's proposal of the 15th December. After the Paraguayan Government had rejected that proposal, however, and had withdrawn their representative from Washington, the Council Committee felt that it

<sup>1</sup> In reply to this appeal, Paraguay suggested that the League should conduct an investigation in order to determine which country was guilty of aggression, with a view to the application of the sanctions for which Article 16 of the Covenant provided, but the Government refrained from filing the formal application under Article 15 which would have made such action by the League possible. Bolivia, in her reply, declared that she was ready to suspend hostilities and would accept a truce and the despatch of a neutral commission on certain conditions.

was no longer possible for the League to defer definite action. On the 27th January, 1933, the Committee suggested to Bolivia and Paraguay that a small commission<sup>1</sup> should be sent to the Chaco 'to study the situation in consultation with the two Governments, and, so far as possible, with the representatives on the spot of the Powers which are collaborating in trying to find a solution of the dispute; and, should hostilities unhappily be still continuing when the commission arrives on the spot, to report to the Council whether it can arrange, or assist in arranging, for their cessation'. This proposal was not welcomed by either of the parties to the dispute. Bolivia wished to defer consideration of it on the ground that the Commission of Neutrals had not yet completed their efforts, while Paraguay referred to a plan which was under discussion by the A.B.C.P. group of countries. The Neutral Commission, to whom the proposal was communicated, also took the view that the League would do well to postpone intervention pending the result of further American attempts to find a solution which were then in progress. Accordingly, the proposal for the despatch of a League Commission remained in suspense for some months, while the initiative passed from the Commission of Neutrals to the neighbours of Bolivia and Paraguay.

On the 20th December, 1932, the State Department at Washington announced that nineteen American countries had urged Bolivia and Paraguay to accept the proposal made public by the Commission of Neutrals on the 15th December. After the rejection of that proposal by Paraguay, the Neutral Commission appear to have felt that they had come to an end of their own resources, and they invited Argentina, Brazil, Chile, and Peru to make suggestions with a view to putting an end to the situation which had now been in existence in the Chaco for six months. Chile was the only one of the four Powers to submit definite proposals in reply to this invitation, but when the Chilean Government began, through diplomatic channels, to sound the Governments at La Paz and Asuncion on these proposals (which did not differ very greatly in substance from that made by the Neutral Commission in December), they found that Argentina was also exploring the possibility of mediation. In order to avoid working at cross-purposes, the Argentinian and Chilean Foreign Ministers arranged to hold a conference, for the discussion of peace proposals and also of certain questions outstanding between their countries. This conference took place at Mendoza, in Argentina, on the 1st and

<sup>1</sup> The suggestion was that the commission should consist of three members—one national of the United States, one of Argentina, and one of some European country.



2nd February, 1933, and resulted in the adoption of a formula for securing peace in the Chaco and in an understanding that the 'A.B.C.P.' agreement of the 6th August should be made permanent and applicable to all questions affecting the maintenance of peace in South America. The 'Mendoza formula' followed the proposal of the 15th December in its main lines, but it contained the important modification that the Bolivian forces would be required to withdraw the same distance as those of Paraguay. It also provided that differences regarding the delimitation of the zone to be the subject of arbitration should be submitted, not to geographical experts, but to the Permanent Court of International Justice for an advisory opinion.<sup>1</sup> The Governments of Argentina and Chile obtained the support of Brazil and Peru for this proposal<sup>2</sup> (though neither of the two latter Powers took a very active part in the negotiations),<sup>3</sup> and the 'Mendoza formula' was submitted to Bolivia and Paraguay on the 24th February. Both countries accepted the formula 'in principle', but both made reservations which in fact nullified their acceptance. Thus Paraguay demanded the withdrawal of the Bolivians farther to the west than had been suggested, while Bolivia preferred that neither side should withdraw at all, but that they should retain the positions which they held. (The offensive was now in the hands of the Bolivians, who were concentrating their forces against Fort Nanawa and no doubt hoped to take that strategic position before an armistice was declared.) Bolivia also stipulated once more that the arbitral procedure should apply only to a limited zone.<sup>4</sup> Argentina was able to bring sufficient pressure to bear upon Paraguay to induce her finally to withdraw her reservations, but Bolivia would not listen to reason; and she refused

<sup>1</sup> The Foreign Ministers of Argentina and Chile also discussed the desirability of holding a conference at which an attempt might be made to go to the root of the trouble between Bolivia and Paraguay by examining the whole question of the means of communication which those two countries possessed with the outer world. This proposal was not definitely put forward at this stage, but it came to the front later on (see p. 426, footnote 2, below).

<sup>2</sup> The Commission of Neutrals were not asked to support the proposal, but it was apparently intended that they should be asked to join in the 'formal' presentation of the formula after the two parties had agreed to accept it as a basis for discussion.

<sup>3</sup> Peru was now at the height of her dispute with Colombia, which made it virtually impossible for her to exercise moral pressure upon Bolivia and Paraguay.

<sup>4</sup> The limits proposed by Bolivia were parallel 21° on the north, meridian 59° 55' on the west, and the rivers Pilcomayo and Paraguay on the south and east. It has already been mentioned (see p. 400 above) that the main line of Bolivian forts roughly followed the sixtieth meridian, so that this proposal would have made the arbitral procedure applicable only to the region which had already been colonized by Paraguay.

to accept a fresh proposal for a sixty-day truce which was put forward on the 23rd March by the A.B.C.P. Group (this time, with the support of the Neutral Commission) unless an agreement regarding the limits of the zone which was to be the subject of arbitration was reached before the truce came into force. When Bolivia, towards the end of April, rejected a final appeal from Argentina and Chile that she should not incur responsibility for the failure of the negotiations, and expressed resentment at what she declared to be an attempt to 'impose' a settlement upon her, the Argentinian and Chilean Governments decided that they could not usefully carry their efforts at mediation any farther. On the 5th May, Bolivia suggested to the Neutral Commission that they should begin a fresh attempt to find a solution by persuading Paraguay to define the extent of her territorial claims, in order to prepare the way for negotiation on an agreement for arbitration. When the Neutral Commission invited the A.B.C.P. Group to confer with them on the possibilities of joint action, Argentina and Chile not only declined the invitation, but also notified Bolivia and Paraguay that their mediation was at an end. This was the position when, on the 10th May, 1933, the Paraguayan Government issued a decree declaring that a state of war existed between Bolivia and Paraguay.

This action on the part of Paraguay was not unexpected. Early in March the Senate and the Chamber of Deputies at Asuncion had authorized the President to declare war, and it was generally believed that the issue of the decree had only been postponed at the request of the A.B.C.P. Group, who hoped that their attempts at mediation might meet with greater success than those of the Neutral Commission at Washington. The Paraguayan Government must have been aware that, in taking the grave step of declaring war, they ran the risk of forfeiting the sympathy of neutral countries—most of whom had been inclined, on the whole, to take the view that Bolivia was more to blame than Paraguay for the state of affairs in the Chaco. But this consideration was outweighed by the hope that a declaration of war would oblige Chile and the other three countries whose territory surrounded Bolivia to put a stop to the transit of munitions destined for Bolivia through their ports and along their railways. At the beginning of May 1933 the Bolivian drive against the Paraguayan forces which blocked the way to the Paraguay River was at the height of its intensity, and the Paraguayan Government were therefore particularly anxious that the supply of war material should be checked. During the early months of the conflict Paraguay had hoped that the Chilean Government would definitely refuse to permit the transport of

munitions to Bolivia through the ports of Arica and Antofagasta. The Governments of Bolivia and Chile had never agreed in their interpretation of the treaty of 1904, which accorded to Bolivia transit rights for commercial goods along the railways connecting the two Chilean ports and the Bolivian frontier,<sup>1</sup> and since the year 1929 an arrangement had been in force by which every consignment of war material to Bolivia was specially notified to the Chilean Government. When the fighting began in the Chaco in 1932 the Chilean Government did not at first interfere with shipments of munitions, but at the end of September 1932 they were reported to have decided that it was not in keeping with their obligations as a signatory of the Kellogg-Briand Pact to allow such shipments to continue. As a result of Bolivian protests, however, supplies of munitions were allowed for a time to go forward, but in February 1933, after the Mendoza Conference, Chile held up a consignment at the port of Arica. This action produced further indignant protests from La Paz, together with a reminder that Bolivia had never accepted the settlement by which the port of Arica was assigned to Chile.<sup>2</sup> Thereupon Chile yielded once again, and her failure to stand firm was apparently an important factor in the decision of the Paraguayan Government to obtain approval from Congress for a declaration of war.

Before the decree declaring war was actually issued on the 10th May, an attempt to arrange a general embargo on the supply of munitions to both belligerents had been made and had broken down. The Committee of Three appointed by the Council of the League of Nations had pointed out in a report to the Council at the end of November 1932 that neither Bolivia nor Paraguay manufactured armaments, so that they were entirely dependent for the maintenance of their armed strength upon supplies from abroad.<sup>3</sup> In December the President of the United States was reported to be considering an embargo upon the export of munitions to both Bolivia and Paraguay, and in February 1933 an exchange of views on the question took

<sup>1</sup> See footnote 2 on p. 394 above.

<sup>2</sup> See the *Survey for 1930*, Part V, section (vii).

<sup>3</sup> During the two years preceding the outbreak of hostilities in 1932, Bolivia was said to have purchased \$5,000,000 worth of munitions from the United States and \$15,000,000 worth from Great Britain. Paraguay also obtained munitions from the United States, while the European countries which had supplied one or both countries included France, Belgium, Czechoslovakia, and Switzerland as well as Great Britain. The value of the munitions supplied by firms in the United States to Bolivia during 1933 and the first three months of 1934 was \$661,868; and during the same period Paraguay received munitions from American sources to the value of \$98,729. Shipments of arms from Europe to both countries also continued while fighting was in progress.

place between the Governments of the United States, Great Britain, France, and Italy. Later in the month the British Government, with the support of the French Government, proposed that the Council of the League of Nations should take action under Article 11 of the Covenant in order to prevent the supply of arms to Bolivia and Paraguay. The Council viewed this proposal with favour,<sup>1</sup> and in order to furnish a legal basis for action the Chaco dispute was formally submitted to the Council, under Article 11 of the Covenant, by the Committee of Three on the 6th March. It was obvious, however, that the embargo could not be made effective without the co-operation of arms-producing countries which were not represented on the Council, and the endeavours of the Committee of Three to secure this co-operation at once encountered the obstacle that the President of the United States lacked the authority of Congress to proclaim an embargo.<sup>2</sup> When the Paraguayan Government declared war, therefore, there were still no restrictions upon the import of munitions into Bolivia and Paraguay, which were free to obtain consignments from any source that was willing to supply them.

The immediate result of Paraguay's declaration of war did not quite fulfil the Government's hopes. The neighbouring states promptly proclaimed their strict neutrality—Argentina, Brazil, and Chile on the 13th May and Peru on the 14th—but Argentina was alone in taking the action desired by Paraguay.<sup>3</sup> At the end of May she closed the Pilcomayo River frontier between the Chaco and Argentinian territory, thus putting a stop to the large supplies, especially of food-stuffs and of petrol, which had been reaching the Bolivian army through Puerto Irigoyen. This measure had a considerable effect, and contributed to the failure of the Bolivian attack against Fort Nanawa during the dry season.<sup>4</sup>

<sup>1</sup> It was felt that in this case an embargo against both belligerents would be justified, since neither could be held to be free from blame. The representative of China agreed to the proposal on the understanding that, if the Council should subsequently decide that one country was guilty of aggression, the embargo should be applied to that country alone. (For the temporary British embargo upon the supply of arms to China and Japan, see the present volume, Part IV, section (iv).)

<sup>2</sup> A resolution which would have empowered the President to forbid shipments of arms to any country, if he judged that such export would encourage the use of force for the settlement of a dispute, was before Congress at this time, but no final action had been taken upon it (see the *Survey for 1932*, p. 297, footnote, and the present volume, p. 514 below).

<sup>3</sup> In proclaiming her neutrality, Peru declared that her ports would be open to Bolivian traffic in accordance with existing treaties. Chile did not explain her future intentions in regard to the interpretation of the treaty of 1904, and in practice she seems to have allowed the transport of munitions to Bolivia to continue.

<sup>4</sup> See p. 401 above.

Meanwhile Paraguay's declaration of war, following immediately upon the abandonment of mediation by Argentina and Chile, seems finally to have convinced the Commission of Neutrals at Washington that the time had come for the dispute to be handed over to the League of Nations. Brazil and Peru, unlike Argentina and Chile, had accepted the invitation from the Neutral Commission in the second week of May to discuss further possibilities of conciliation, but after the issue of the Paraguayan decree on the 10th May Brazil withdrew from the Commission. At the beginning of June it was reported that the A.B.C.P. Group, after consulting together, had come to the conclusion that further attempts at mediation must be left to the League of Nations, and on the 27th June the Neutral Commission formally announced its decision to retire from the negotiations in favour of the League.

The news that Paraguay had declared war was conveyed to Geneva in a communication from the Bolivian Government, which declared that Paraguay, by her action, had deliberately infringed the terms of the Covenant and incurred the sanctions for which Article 16 provided. The news would probably have created a greater sensation if it had not coincided with an acute crisis in the Disarmament Conference;<sup>1</sup> and even in the actual circumstances it could not fail to give rise to much anxious discussion as to the attitude which the League ought to adopt in this unprecedented situation.<sup>2</sup> One section of opinion held that the Council was bound to take the line suggested by Bolivia and bring the machinery of the Covenant into operation against Paraguay;<sup>3</sup> but in other quarters it was felt that, though Paraguay might have put herself technically in the wrong, she had in fact done nothing more than give formal recognition to the state of war

<sup>1</sup> See the present volume, Part II, section (ii) (c).

<sup>2</sup> This was the first occasion on which the League had had to deal with a declaration of war by one of its members. The Graeco-Turkish War of 1921-2 in Anatolia had been merely a local continuation of the General War, the Sèvres Peace Treaty not having been ratified by Turkey. In the case of the wars in the Arabian Peninsula, none of the combatants had the status of members of the League of Nations (the Hijāz, which was entitled to that status by virtue of its signature of the Versailles Treaty, had lost it owing to its failure to ratify the Treaty), and the League had not been called upon to intervene; while in the case of the fighting which had taken place since 1919 in various other parts of the globe—notably in the Far East—the operations might have been war in everything but name, but no formal declaration of a state of war had been made.

<sup>3</sup> The French Government, in particular, were reported to have taken the view that it was in the general interests of world peace that Paraguay should be declared the aggressor. The British Government took the opposite view—that it was more important to continue attempts to settle the dispute by the methods of conciliation.

which had been in existence for ten months, so that it would be unreasonable to treat her as if she, and she alone, had just committed a breach of the Covenant. This division of opinion revealed itself at an extraordinary session of the Council which was held on the 15th May; and after hearing the representatives of the parties (both of whom declared that they were ready to agree to a peaceful settlement, provided that certain conditions, which they considered essential, were fulfilled),<sup>1</sup> the Council merely referred the question back to the Committee of Three. On the 20th May the Committee submitted a report recommending the adoption of the following procedure. The two Governments would be called upon to entrust the settlement of the conflict to the League; hostilities would be suspended and Paraguay would withdraw her declaration of war; and the parties would agree to arbitration of the dispute. The Council would despatch a commission to the Chaco to negotiate, if desirable, an arrangement for effecting the cessation of hostilities and to prepare an agreement for arbitration in consultation with the Governments concerned. If the agreement for arbitration did not stipulate the procedure to be followed, the Council would appoint arbitrators and settle the arbitral procedure. The Commission would, at the Council's request, inquire into all the circumstances of the dispute and report to the Council in order to enable the latter to fulfil the duties imposed upon it by the Covenant.

This report was unanimously approved by the Council, and the Paraguayan representative accepted it without reservations. The Bolivian delegate, however, reserved his Government's decision, and a week later that Government informed the Secretary-General that in their opinion the Committee of Three's plan was not calculated to restore peace. They objected in particular to the possibility of a delimitation of the disputed zone by arbitration, and suggested that the League would do well to hand the dispute back to the Commission of Neutrals at Washington and the neighbouring American states. Negotiations between the Committee of Three and Bolivia and Paraguay continued throughout June, and revealed the further difficulty that Paraguay continued to insist that the cessation of hostilities must precede the negotiation of an agreement for arbitration, while

<sup>1</sup> Paraguay insisted that the cessation of hostilities, with guarantees against their resumption, must precede the discussion of the terms of arbitration, while Bolivia stipulated that Paraguay should define her claims to the Chaco as a first step towards agreement on arbitral procedure. On the 6th June the Paraguayan delegate complied with this request by declaring that the claims of his country extended to the whole of the Chaco within what they considered to be its natural boundaries. (See footnote on p. 393 above.)

Bolivia held that the agreement should precede the cessation of hostilities. The Committee of Three, finding it impossible to reconcile these divergent views and to bring the two parties to an agreement for the immediate suspension of hostilities, decided that the Commission which it was proposed to send to the Chaco would have to deal with the situation which it found on its arrival as best it could. Finally, on the 26th June, the Bolivian Government withdrew their objections to the despatch of a Commission and accepted the principle that negotiations should be carried on simultaneously for the cessation of hostilities and the conclusion of an arbitration agreement.

The formal withdrawal of the Neutral Commission at Washington on the following day (the 27th June) left the field clear for action by the League of Nations, and on the 3rd July the Council decided that the Commission recommended by the Committee of Three should proceed to the Chaco with the least possible delay.<sup>1</sup> A Commission of five members was accordingly constituted,<sup>2</sup> the European members of which were on the point of departure for the Chaco at the end of July, when the Committee of Three received a joint proposal from Bolivia and Paraguay to the effect that the Council, instead of sending a special commission, should invite the 'A.B.C.P.' group of neighbouring states to act on its behalf.

The fact that the two disputants were acting in concert lent special weight to this suggestion, and on the 3rd August the Council decided to ask the four neighbouring states if they were willing to undertake the mission of endeavouring to find a formula for the establishment of a just and lasting peace between Bolivia and Paraguay. It was emphasized that the renewed intervention of these Powers must be on the basis of the League Covenant, and that they must keep in touch with the Council, and it was agreed that if the proffered mandate was not accepted the League's Commission should start for the Chaco without further delay.

Brazil, and not Argentina, took the lead in the new attempt which followed to find a solution of the difficulties which American mediators had found insuperable hitherto. Argentina, indeed, displayed considerable reluctance to join in the attempt; and, after Bolivia had

<sup>1</sup> Regret was expressed by certain members of the Council—notably by the representatives of France and Great Britain—because the Committee of Three had not been able to bring about the immediate cessation of hostilities, but it was generally recognized that the committee was obliged, in view of the contumacy of Bolivia and Paraguay, to leave it to the commission to make the best arrangement possible.

<sup>2</sup> The five members were nationals respectively of Spain, France, Great Britain, Italy, and Mexico. They elected as their chairman Señor Alvarez del Vayo, a former Spanish Ambassador in Mexico.

refused to agree to a general armistice (which the four Powers stipulated as a condition of their acceptance of the Council's invitation), the Argentinian Government were of opinion that it would be better to terminate the negotiations than to expose themselves to a further rebuff. Argentina was persuaded, however, to give her support to a last effort to obtain agreement on a general formula, which was submitted to Bolivia and Paraguay on the 25th August. On the same day, the Brazilian Foreign Minister informed the League Secretariat that the four Governments were pursuing their negotiations 'in absolute unity of views and complete solidarity of sentiments', and that they hoped soon to be able to report agreement upon a 'preliminary conciliation formula' which would enable them to undertake the League's mission with a good prospect of success.<sup>1</sup>

The formula of the 25th August provided that Bolivia and Paraguay should sign 'an instrument expressing their readiness to submit the whole question of the Chaco Boreal to legal arbitration'; that 'war-like operations' should be regarded as terminated by the signature of the agreement; that the two disputants should accept the 'moral guarantee' of the A.B.C.P. Powers for the execution of the plan; and that a conference should be held as soon as possible, under the auspices of those Powers and at a South-American capital to be agreed upon. Paraguay accepted this formula on the 8th September, but Bolivia raised difficulties over the interpretation of the term 'the whole question of the Chaco Boreal'. The Brazilian Foreign Minister suggested that, as a basis for discussion, the area in dispute should be considered to be the area bounded on the north by the 20th parallel, on the west by meridian 62°, and on the south and east by the rivers Pilcomayo and Paraguay, and that within this area the exact zone to be submitted to arbitration should be decided by agreement between the parties, or, failing agreement within thirty days, by the A.B.C.P. Powers. Bolivia, however, refused to accept the formula unless the whole area in dispute were restricted within narrower limits,<sup>2</sup> and the idea that the exact zone for arbitration might be determined by the A.B.C.P. Powers was abandoned. Paraguay, for her part, maintained that the 'whole area of the Chaco' could not 'properly be circumscribed to the area' suggested by Brazil, and that 'to admit such an hypothesis would be tantamount to reducing the

<sup>1</sup> The correspondence which passed between the League of Nations, the A.B.C.P. Group, Bolivia, and Paraguay during August and September 1933 is printed as an annex to the minutes of Part II of the seventy-sixth session of the Council and Part I of the seventy-seventh session in *League of Nations Official Journal*, November 1933 (second part).

<sup>2</sup> The western limit suggested was meridian 61°.



rights asserted by Paraguay while to a large extent allowing the Bolivian claims'. Further pressure on Bolivia to accept the formula of the 25th August unconditionally proved of no avail, and on the 1st October the four Powers were obliged to inform the President of the League Council that the negotiations had broken down and that they were unable to accept the invitation made to them on the 3rd August.<sup>1</sup>

The failure of this attempt meant that two months had been wasted, and although the League Secretariat took steps immediately to reassemble the members of the Commission appointed by the Council on the 3rd July, it was not until the middle of November that the Commission reached its scene of action. Between the date of its arrival in South America and the third week of December the Commission visited Montevideo, Buenos Aires, Asuncion, the eastern part of the Chaco, and La Paz, and, after the acceptance by Bolivia of the truce proposed by Paraguay, it returned to Montevideo,<sup>2</sup> in which city the representatives of twenty American countries had been assembled since the beginning of December for the Seventh Pan-American Conference.

It was generally agreed that the meeting of representatives of all the American nations in conference afforded an opportunity for exercising moral pressure upon Bolivia and Paraguay which could not be neglected, but there was a strong feeling in some quarters that unofficial attempts at conciliation by individual members of the Conference would be preferable to official action by the Conference as a whole.<sup>3</sup> The committee of the Conference which was appointed to deal with questions relating to the organization of peace did set up a sub-committee to determine whether the Conference was competent to take action in the Chaco dispute and, if so, the form which

<sup>1</sup> Towards the middle of October a meeting took place between the Presidents of Brazil and of Argentina, and they were said to have agreed upon a new peace formula which was submitted to Bolivia and Paraguay.

<sup>2</sup> As a result of the conversations in Asuncion and La Paz, the Commission suggested to the disputants on the 12th December a plan for the submission of their claims to the Permanent Court of International Justice, and for the suspension of fighting under international control. The measures suggested as guarantees of security included the withdrawal and demobilization of the two armies and the limitation of armaments for a period long enough to allow, not only of a settlement of the dispute, but of real pacification. The Argentinian suggestion for a conference on the improvement of Bolivia's and Paraguay's means of communication with the outer world (see p. 416 above and p. 426 below) also formed part of the plan. This proposal had not been accepted when Paraguay proposed a truce on the 18th December.

<sup>3</sup> The Secretary of State of the United States, Mr. Cordell Hull, was reported to be a leading exponent of this view.

such action should take; but this sub-committee suspended its discussions in the second week of December when the President of Uruguay, Señor Terra, took upon himself the task of acting on behalf of the Conference as mediator between Bolivia and Paraguay and entered into conversations with the representatives of those two countries at the Montevideo Conference.

These negotiations threatened at first to break down because Bolivia still insisted upon arbitration of a pre-arranged zone and Paraguay upon 'integral' arbitration, but by this time the military situation in the Chaco had undergone a marked change, and the Paraguayan victory at Alihuata on the 10th December modified the attitude of both combatants. The Bolivian Government had to cope with serious unrest at home, which was intensified by the news from the Chaco, and they were more inclined than they had been at any previous stage to agree unconditionally to a peaceful settlement of the dispute. In Paraguay, on the other hand, military success greatly stimulated the popular demand for a final settlement of the whole dispute by force of arms. Nevertheless, on the 19th December,<sup>1</sup> President Ayala of Paraguay responded to an urgent appeal from President Terra<sup>2</sup> to both combatants to suspend hostilities immediately, by proposing an armistice which would begin at midnight on the 19th-20th December and continue until midnight on the 30th-31st December.<sup>3</sup> The proposal was accepted by Bolivia, and for the first time for eighteen months<sup>4</sup> peace reigned in the Chaco.

The news that a truce had been arranged was received with great rejoicing by the delegates who were assembled at Montevideo, and

<sup>1</sup> On the 15th December the Committee on the Organization of Peace of the Pan-American Conference had adopted a declaration offering the services of all the Governments represented at the Conference for the settlement of the dispute and putting it on record that the Conference was 'ready to co-operate with the League of Nations in the application of the Covenant'. (See section (i) of this part of the present volume, p. 340 above.)

<sup>2</sup> Mr. Hull was reported to have telegraphed to the President of Bolivia and Paraguay at the same time as Señor Terra and in the same sense.

<sup>3</sup> On the 19th December the Paraguayan Army attained its immediate objective by capturing Fort Muñoz. In the light of the Paraguayan Government's subsequent attitude, it seems strange that they should have proposed a truce at a moment when their forces appeared to be well on the way to gaining a complete and crushing victory. In the communication of the 19th December from the President of Paraguay proposing the truce, stress was laid on the impossibility of giving 'proper care' to the large number of Bolivian prisoners as long as the fighting continued. The Paraguayan commander may also have considered it necessary to consolidate his advance before lengthening his lines of communication still further.

<sup>4</sup> With the exception of the twenty-four hours' truce arranged at Christmas 1932 on the Pope's initiative.

it was confidently expected that the truce would be only the prelude to permanent peace. Many of the delegates felt less satisfaction, however, when they learnt that the peace negotiations were to take place under the auspices of the League of Nations Commission<sup>1</sup> and not under those of the Pan-American Conference;<sup>2</sup> and the prospect for a successful outcome of the negotiations was clouded from the outset by Bolivian accusations that Paraguay was not observing the terms of the truce—in particular that the capture of Fort Muñoz had taken place after, and not before, midnight on the 19th–20th December. Both sides ultimately agreed that the question of observance of the truce should be investigated by the League Commission, but valuable time was wasted in this controversy, and the members of the Commission, who did not reach Montevideo until the 23rd December, were able to do little more in the short time at their disposal than negotiate with the parties for a prolongation of the truce. It was now Paraguay and not Bolivia who made difficulties. The Paraguayan military authorities were convinced that the only satisfactory solution of the dispute would be provided by the definitive victory which they now believed to be within their reach, and they took the view that to prolong the truce would merely be to give Bolivia time to reorganize her forces and strengthen her position. With great reluctance, the Government at Asuncion agreed on the 29th December that the armistice should be extended for another week, but they declared that any further prolongation was out of the question unless Bolivia withdrew her troops from the Chaco altogether. Bolivia, meanwhile, had recovered from the first shock of her reverses in December and was no longer in a defeatist mood. General Kundt had been superseded, and the country was reported to be confident that the Bolivian forces, under their new commander, would soon wipe out the disgrace which they had suffered. During the week's extension of the truce, repeated efforts were made to find a formula which would prevent the resump-

<sup>1</sup> The President of Paraguay, in making his proposal for an armistice, had suggested that the League Commission should convene a meeting in a Rio de la Plata capital for the discussion of conditions of peace. The Commission chose Montevideo as the meeting-place.

<sup>2</sup> At the last session of the Conference, on the 26th December, a resolution was proposed by Mr. Hull, and adopted unanimously, calling upon the disputants to accept the mediation of the League Commission and agree upon terms of peace. The Conference also adopted an Argentinian resolution recommending that, if the League Commission thought it desirable, a conference should be held at Buenos Aires to discuss geographical and economic factors bearing on the Chaco dispute (see p. 416 above for the Mendoza Conference at which this project was first mooted).

tion of hostilities. Paraguay resisted all appeals to agree to the continuation of the armistice, nor would she listen to advice to make peace now on favourable terms and not to run the risk that a further advance of the Paraguayan Army would react to the advantage of Bolivia by shortening the latter's lines of communication at the same time as it lengthened those of Paraguay. The Paraguayan Government disregarded an intimation from the League Commission that if they persisted in their intransigence the report which the Commission was to submit to the League Council would clearly indicate that Paraguay was to blame for the breakdown of the peace negotiations, and a personal appeal which was made at the last moment by Señor Alvarez del Vayo, the President of the Commission, to President Ayala was said to have elicited the reply that the country was unanimously in favour of carrying military operations to a victorious conclusion and that if the Government were to yield to the Commission's wishes it would merely lead to revolution. In these circumstances neutral influences were powerless to avert the resumption of hostilities, and at midnight on the 6th-7th January, 1934, the truce came to an end.

Meanwhile, on the 29th December, 1933 (the day on which the Paraguayan Government agreed reluctantly to a week's extension of the truce), the British Government had suggested to the Argentinian Government that they should associate themselves with the efforts which were being made by the League Commission, and on the 6th January, 1934, a similar request was made by President Roosevelt. In response to these appeals, the Argentinian Government attempted to act as an intermediary between the Commission and the belligerents—on the basis, apparently, that an armistice of several months' duration should be agreed to, in order to permit of the renewal of negotiations and to give time for them to be carried to a successful conclusion. This proposal did not meet with approval, and by the middle of January 1934 the Argentinian Government had abandoned their latest attempt at mediation. A few days earlier the League Commission had sent a report to Geneva describing the failure of its efforts to secure agreement on the plan which it had put forward, explaining that it had intimated to Bolivia and Paraguay that in its view the continuance of negotiations was incompatible with the resumption of hostilities, and asking for instructions as to its future course of action. This report was considered on the 20th January by the League Council, which decided that the Commission should be instructed to continue negotiations with the object, if possible, of arranging another armistice. Accordingly, the Commission resumed

contact with the representatives of Bolivia and Paraguay in the last week of January 1934. The Paraguayan delegate, after consulting his Government, produced proposals for a treaty of security and peace, but these proposals were unacceptable to Bolivia, and the Commission decided to make a final effort to provide a solution by submitting its own proposals for a settlement. On the 22nd February the new proposals were handed to the representatives of Bolivia and Paraguay with the request that they should send their replies by the 1st March, and with an intimation that if those replies were unfavourable the Commission would deem its mission at an end.

The Commission's new plan was cast in the form of a draft treaty between Bolivia and Paraguay. Hostilities would cease within twenty-four hours of the coming into force of the treaty, and the withdrawal of the two armies from their existing positions would begin immediately and be completed within forty-five days. The Bolivian Army would withdraw to a line running from Villa Montes (about 130 miles farther up the Pilcomayo than Fort Ballivian) to Roboré, and the Paraguayan Army would withdraw about 250 miles to the River Paraguay. Demobilization of both armies would begin at the same time as the withdrawal; and after the expiration of three months, and until such time as the arbitral award fixing the frontier had been completely executed, the strength of either army was not to exceed 5,000 and no additional war material was to be acquired (except with the special permission of the Council of the League of Nations). Provisional arrangements would be made for policing the Chaco pending the execution of the award; the greater part of the whole area would be policed by Paraguay, but Bolivia would be responsible for a smaller section on the west, and there would be an intermediate section the policing of which would be the subject of a special agreement between the two parties.

In addition to these arrangements for bringing hostilities to an end, the Commission's proposal provided for a definitive settlement of the dispute by an award of the Permanent Court of International Justice fixing the frontier between the two countries. The full territorial claims of Bolivia and Paraguay were set out,<sup>1</sup> but it was suggested that, as a proof of a conciliatory spirit, either side should agree in the treaty to make certain concessions, on the understanding that such concessions should not 'in any way impair the intentions or legal claims' which the parties might submit to the Permanent Court and should not 'be adduced as a precedent having any legal or moral force whatsoever' if the draft treaty were not to come into force.

<sup>1</sup> See p. 393 above, footnote 3.

The concessions suggested were that Bolivia should waive the reservation on which she had insisted in the earlier negotiations to the effect that the territory between the Rivers Verde and Pilcomayo, which had been assigned to Paraguay under the Hayes award, should not be excluded from arbitration ; while Paraguay would similarly waive the reservations which she had made concerning the zone north of Bahia Negra which had been assigned to Bolivia by the Treaty of Petropolis.<sup>1</sup>

At the request of the League Commission, a special appeal to the disputants to accept this proposal was made by President Terra of Uruguay, but his pleading fell on deaf ears. The time-limit for the acceptance or rejection of the plan was extended at Bolivia's request, but by the end of the first week in March it was clear that neither party was ready to accept the proposal without substantial modification. Bolivia agreed that the Permanent Court should be asked to delimit the sovereignty of the two countries over the territory included in the maximum claims which they had advanced, but she was unwilling to waive her reservation regarding the Hayes award unless an equivalent area along the Paraguay River was similarly excluded from arbitration in her favour. Both countries appeared to consider that the proposed provisional arrangements were inequitable ; and Paraguay, who held that if she were to withdraw to the Paraguay River she would be surrendering all the gains which she had won by her arms without any countervailing advantages, put forward counter-proposals which the Commission considered unacceptable.<sup>2</sup> There remained one last hope. Bolivia, in her reply to the Commission,

<sup>1</sup> In their subsequent report to the Council, the Commission explained their reasons for thinking that both parties would be wise if they made the concessions indicated. The Paraguayans considered that the Hayes award gave them an 'international title' to the possession of the Chaco south of the Rio Verde, and the advance of Bolivian posts down the Pilcomayo into this area was therefore regarded by them as 'a veritable act of conquest'. If Bolivia abandoned her claim to the Hayes zone the Commission believed that Paraguay 'would perhaps find it less difficult to accept arbitration for the rest of the Chaco'. On the other hand they suggested that Paraguay would do well not to 'encourage a policy of despair' in Bolivia by pressing her claim to territory north of the Bahia Negra. It was admitted that one of the causes of the war was Bolivia's desire for a direct outlet to the sea, but, in the opinion of some experts, it was by no means impossible for Bolivia to establish the ports which she required on the upper reaches of the Paraguay River, to which she had been given access by the Treaty of Petropolis. In the Commission's view it would be good policy for Paraguay to turn Bolivia's attention in the direction of this possibility by withdrawing her reservation regarding the validity of the Brazilian-Bolivian frontier.

<sup>2</sup> Amongst other Paraguayan proposals which the Commission rejected was one to the effect that they should undertake investigations into the questions of responsibility for the war and of alleged violations of international law.

suggested that direct negotiations between herself and Paraguay might give better results, and Paraguay intimated that, while she had not much faith in the efficacy of such negotiations, she was ready to accept the suggestion if the Commission considered that it offered any prospect of success. The Commission accordingly convened a meeting of Bolivian and Paraguayan representatives to discuss the possibilities of entering into direct negotiations under the Commission's auspices. On the 12th March it was announced that the attempt to find a basis on which direct negotiations could begin had broken down, and that the Commission's efforts to promote peace had therefore ended in complete failure. It was announced at the same time that the majority of the members of the Commission were returning to Europe without further delay, but that Dr. Buero, the Uruguayan member of the League Secretariat who had acted as secretary of the Commission, would remain in South America with authority to intervene on the Commission's behalf if he should consider such action desirable.

The members of the Commission left South America on the 14th March, and proceeded to prepare a report to the Council of the League of Nations on the result of their mission. The report, which was completed on the 9th May and issued on the 12th May,<sup>1</sup> was a lengthy document which reviewed the whole history of the dispute and the underlying geographical and economic factors, in addition to describing the Commission's unsuccessful efforts to bring the parties to an agreement. The opinion was expressed that the conflict—which was described as 'a singularly pitiless and horrible one'—was not likely to find a definite military issue, and stress was laid on the 'suffering and impoverishment' of both peoples, which were already severe and which were bound to become ever more serious if the war continued. The report also drew attention to the danger to other nations which the continuance of the war implied. It was 'impossible to predict that its effects' would 'remain localized. The soldiers coming home from the Chaco' had 'introduced malaria into centres hitherto immune; other and more serious diseases' might 'spread beyond the frontiers of the two countries; and fears' had 'been entertained . . . lest, despite the precautions taken by the neighbouring states, the war itself' should spread.

The Commission recommended that there should be no inquiry into the question of responsibility for the war so long as there was any possibility of a peaceful settlement; but that if it should be deemed advisable to make such an inquiry it should be as comprehensive as

<sup>1</sup> As League of Nations Publication VII. *Political*. 1934. VII. 1.

possible and should deal with the question of responsibility for the continuance of the war as well as for its outbreak.

Among the obstacles to a settlement which the Commission noted were the charges and counter-charges that embittered the conflict<sup>1</sup> and the hope which either party continued to cherish that the military situation was on the point of turning in its favour; and pointed reference was made to the difficulties of conducting peace negotiations when 'the calculations of general staffs' and 'the exacerbation of national *amour propre*' were 'brought into the examination of the possibilities of a legal settlement'.

The Commission expressed the opinion that the only hope of arresting the conflict lay in combined action 'by all the forces of peace, working together in harmony'. They considered it 'essential that a system of interventions from many quarters should come to an end—that there should no longer be a doorway through which the parties can leave one procedure for another and experiment with a fresh formula when the negotiations take a turn unsatisfactory to them. If the parties can feel that, even after the failure of the various efforts that have been made during these last two years, the League of Nations is not the final authority, but that they can still contemplate the possibility of intervention from some other quarter, the cause of peace will be gravely jeopardized.' In their view, the most useful action which the American nations could now take would be to rally in support of the draft treaty which the Commission had presented for the acceptance of Bolivia and Paraguay in February.

The passage of the report which attracted most attention was that which dealt with the supply of munitions. 'The armies engaged', the Commission reported, 'are using up-to-date material—aeroplanes, armoured cars, flame-projectors, quick-firing guns, machine-guns, and automatic rifles. The automatic weapons are available in great quantities, but the other arms are few. The arms and material of every kind are not manufactured locally, but are supplied to the belligerents by American and European countries.' In the concluding passages of the report the Commission pointed out that, if Bolivia and Paraguay could not be persuaded by the continued influence of all the forces of peace to accept 'an honourable and just settlement',

<sup>1</sup> On the subject of accusations of violation of the law of war, the Commission remarked that 'this war, like all others, has been accompanied by acts of violence contrary to the generally accepted rules of international law, and it is to be feared that, with the growing exasperation which may be expected if the struggle continues, the number of such acts will increase. . . . The only way of preventing the recurrence of inhuman acts of violence is to put an end to the war.'



'the neighbouring countries . . . could exercise a strict control over transit traffic as a complement to the control which the other nations could exercise over certain exports'.

The implication that a considerable share of the responsibility for the continuance of the conflict between Bolivia and Paraguay was incurred by the countries which supplied arms to those two states was underlined in an outspoken address which was broadcast from Geneva on the 13th May by Señor Alvarez del Vayo, the President of the Chaco Commission. The origins and motives of the conflict, said Señor Alvarez del Vayo, were to be found in the conflicting interests of foreign capitalists connected with concessions in the Chaco, with, 'as final motive, the inevitable lure of oil'. He pointed out that the American nations, in virtue of their signature of the Kellogg-Briand Pact and of the declaration of the 3rd August, 1932, were under an obligation to make a supreme effort to put an end to the carnage in the Chaco, and he appealed to them to form 'a single front' with the League of Nations in order that the joint action might be taken which, the Commission believed, would rapidly put an end to the war. Neither blind passion, enthusiasm, nor patriotism could by themselves keep a war going; and the continuation of the conflict could not be explained by the domestic manufacture of arms and munitions by either Bolivia or Paraguay. It was essential to draw the necessary conclusions from that fact. If the belligerents persisted in turning a deaf ear to the counsels of peace, the question of the supply of arms and munitions would indicate a new way of intervening in a concrete and effective manner.

When the Commission's report came before the League Council on the 17th May, it was at once evident that there was a strong body of opinion in favour of a fresh attempt to put an end to the conflict by cutting off the supply of arms. By this time, there could no longer be any doubt that Bolivia and Paraguay were not amenable to moral pressure, and the fact that neither of them possessed an arms factory of any kind made the exercise of compulsion by means of an arms embargo a matter of practical politics. It will be remembered that the earlier attempt which had been made, on French and British initiative, to arrange such an embargo had broken down; but in the meantime there had been signs in many of the countries concerned that public opinion was becoming increasingly sensitive on the question of the supply of munitions of war for private profit. This awakening of the public conscience was specially marked in the early months of 1934 in the United States, where certain organs of the Press were making sensational disclosures in regard to the activities of agents of

armament firms in fomenting war.<sup>1</sup> The trend of American opinion on this matter was of special importance, since the negotiations over a possible arms embargo in 1933 had broken down primarily for the reason that the President of the United States lacked the legislative authority necessary to enable him to impose such an embargo.

At the meeting of the League Council on the 17th May a strong lead in favour of prohibiting the export of arms to Bolivia and Paraguay was given by the British representative, Mr. Eden, and his proposal that the Governments whose co-operation was necessary and who were not represented on the Council should be invited by telegram to agree to an arms embargo received unconditional support from the representatives of France, Spain, and other countries. No definite action was taken, however, until any doubt as to the attitude of the United States Government had been removed. On the 19th May a resolution empowering the President to impose an embargo on the export of arms to Bolivia and Paraguay was introduced into the Congress at Washington with the Administration's support,<sup>2</sup> and on the 20th May Señor Castillo Najera, the chairman of the League Committee of Three (which had been instructed by the Council to resume its examination of the question of an arms embargo), despatched telegrams to the Governments of thirty-one other countries inquiring if they would be ready to participate in an embargo. On the same day the League Council adopted a resolution inviting the Governments of Bolivia and Paraguay to re-examine the solution proposed by the Chaco Commission and the arguments militating in favour of that solution and of the prompt re-establishment of peace. The Council decided to meet in extraordinary session in ten days' time in order to give the representatives of Bolivia and Paraguay an opportunity to state their views on the Commission's report.

When the Council met again on the 31st May, any lingering hope that the parties might be brought to accept a settlement on the lines suggested by the Chaco Commission was finally dispelled. The Bolivian delegate, indeed, declared that his Government were ready to

<sup>1</sup> On the 12th April the Senate of the United States decided on the appointment of a committee to conduct investigations into the operations of arms manufacturers (including their methods of promoting sales) and to consider the desirability of making the manufacture of armaments a government monopoly.

<sup>2</sup> The resolution dealt only with the particular case of the Chaco and did not supersede the earlier resolution, action on which was still pending, which would empower the President to forbid the export of arms at his discretion to any country engaged in a dispute (see the *Survey for 1932*, p. 297 n). In his message on the Chaco resolution, President Roosevelt also asked Congress to ratify the Geneva Arms Convention of 1925 (which had never come into force, owing to the lack of the necessary number of ratifications).

submit the dispute to the Permanent Court of International Justice, but the Paraguayan representative insisted that the question of security—that is, of providing guarantees against a resumption of hostilities once they had been broken off—must be settled before the substance of the problem could be dealt with by arbitration. The Bolivian delegate displayed much concern over the proposed arms embargo, which would, he declared, bear more hardly on Bolivia than on Paraguay for geographical reasons; and when the Paraguayan delegate had virtually rejected the proposal for an arbitral settlement, the representative of Bolivia requested the Council to take action in accordance with Article 15 of the Covenant. In the middle of June, Bolivia took the further step of asking that the dispute should be referred to the League Assembly under Article 15. The Secretariat of the League did not consider it necessary to summon a special session of the Assembly, but the question was placed on the agenda for the fifteenth (ordinary) session, which had been convoked for the 10th September, 1934.

The Bolivian Government's appeal to Article 15 did not have the result for which they hoped. The Council did not decide to suspend the attempt which had already been initiated to secure a general agreement among arms-exporting countries to prohibit the supply of arms to the disputants.<sup>1</sup> By the end of May, when the Council held its extraordinary session, the United States had prohibited the export of arms to Bolivia and Paraguay, and favourable replies to the Committee of Three's inquiry regarding a general embargo had been received from twenty-three of the thirty-one countries to which telegrams had been despatched on the 20th May. The resolution which had been introduced into the United States Congress on the 19th May was treated, at the request of the Administration, as a matter of special urgency,<sup>2</sup> and it passed the House of Representatives on the

<sup>1</sup> The question whether it was possible to proceed with the embargo after Bolivia had appealed under Article 15 was examined by legal experts, who decided that, as the embargo was a separate and independent measure which would be taken by Governments in their individual capacity and not by the Council of the League as a body, the invocation of Article 15 did not affect the situation.

<sup>2</sup> The haste with which the necessary steps were taken was attributed in some quarters to fear lest the Paraguayan attack on Fort Ballivian should prove successful and the Paraguayan Army should find the road open to the Bolivian oil-fields. In that event, the Administration at Washington might find itself in an awkward predicament, since the important American interests which would be affected by a Paraguayan seizure of oil concessions would no doubt expect intervention in their defence. This motive, however, might have been expected to operate with greater cogency at an earlier stage, before the Paraguayan advance was checked by the Bolivian stand east of Fort Ballivian.

23rd May and the Senate on the 24th, in both cases without a dissentient vote. The resolution empowered the President 'after consultation with the Governments of other American republics and with their co-operation, as well as that of such other Governments as he' might 'deem necessary', to issue a proclamation prohibiting the sale in the United States<sup>1</sup> of arms or munitions to Bolivia or Paraguay 'or to any person, company or association acting in the interest of either country'. The prescribed consultation with the Governments of other American republics had begun as soon as the resolution was introduced into Congress. The Governments consulted were those of the four neighbours of Bolivia and Paraguay—Argentina, Brazil, Chile, and Peru<sup>2</sup>—and the point on which the discussions principally turned appears to have been the practicability of prohibiting the transit of munitions into the belligerent countries. On this question the A.B.C.P. Powers took the line that the onus of preventing supplies of munitions from reaching Bolivia and Paraguay must rest upon the exporting countries rather than upon them, but they promised their co-operation in enforcing the arms embargo. In regard to the co-operation of the other Governments with whom the Committee of

It may be noted that the Standard Oil Company of New Jersey thought it advisable towards the end of May to issue a *démenti* of rumours that it was giving financial support to Bolivia. The company declared that its attitude towards the Chaco dispute had been throughout 'one of the strictest neutrality'. It admitted that it had substantial investments in Bolivia and had expended large sums on development, but it denied the possession of property or interests in the disputed area. The Standard Oil Company of Bolivia, a subsidiary of the New Jersey Company, held, it was explained, a concession in south-eastern Bolivia, but the area involved was declared to be well outside the disputed territory.

<sup>1</sup> The embargo was on the sale and not on the export of arms because the United States had treaties with both Bolivia and Paraguay, dating from 1858 and 1859, by which the free movement of exports from the United States to those countries was guaranteed. On the 1st June, 1934, the Bolivian Government lodged a protest at Washington against the imposition of the embargo, which, they declared, contravened the provisions of the treaty of 1858, and would operate to the disadvantage of Bolivia owing to the internationalization of the Paraguay River. These allegations were denied in Mr. Secretary Hull's reply, which announced that the embargo would remain in force.

<sup>2</sup> In the middle of May the A.B.C.P. Powers were reported to be considering the possibility of making a fresh effort to bring Bolivia and Paraguay to agreement. The initiative was said to have come from Brazil and to have reflected a certain disappointment with the report of the League Commission, which, it was felt in some quarters of South America, did not contain sufficiently definite recommendations for ending the war. It was also said that the United States Government had intimated a desire to be associated with any measures that might be taken. Independent action appears to have been postponed pending the consideration of the Commission's report by the Council; and thereafter attention was concentrated on the embargo proposal.

Three at Geneva were in negotiation, President Roosevelt made it clear that he hoped that a general embargo would be imposed by international agreement, but that he was prepared in any case to take independent action; and on the 28th May he issued a proclamation making it unlawful for citizens of the United States to sell arms or munitions to Bolivia or Paraguay or to their agents.

Thus the principal obstacle which had stood in the way of imposing an embargo in 1933 was removed; but that did not mean that the Committee of Three at Geneva had completed its task. The majority of the states which had accepted the proposal by the end of May did so without reservations, but France, Great Britain, and Italy were among the minority which made their acceptance conditional on the participation of certain specified countries. Both the French and the British lists of countries included Germany, but Italy mentioned Japan and the U.S.S.R. as well, and also insisted that the embargo should not apply to current contracts. The German Government did not reply direct to the inquiry from the Committee of Three, but they let it be understood that, while they did not wish to enter into correspondence with the League of Nations on the subject, they were prepared to apply the embargo if it was generally accepted. As a result of the Italian reservation, special invitations to join in the embargo were despatched to the U.S.S.R. and to Japan early in June, and the Latvian Government were also asked to take part. This brought the total number of states which had been approached on the subject of the embargo up to thirty-five, including the United States. The Soviet Government agreed unconditionally to take the measures proposed, but the Japanese Government made a verbal reply, through their Consul-General in Geneva, to the effect that they were unwilling to be involved in any political action taken by the League. At the same time, it was pointed out that there had been no export of arms from Japan to either Bolivia or Paraguay and that there was little likelihood of such export in the future.

This intimation sufficed to dispose of one of the conditions which had been made by Italy, but a more serious obstacle to general agreement was presented by the other Italian reservation. The question of carrying out current contracts was considered by the Committee of Three at Geneva, and the suggestion was made that a definite and brief time-limit might be fixed for the exemption from the embargo of deliveries under existing contracts,<sup>1</sup> but no definite agreement had apparently been reached on this question by the middle of June, when

<sup>1</sup> Italy was reported at one time to be demanding that recurrent contracts should also be excluded from the embargo. This stipulation, if it had been

the Committee reported to the Council. By that time all the countries which had been approached had replied (Japan and Germany indirectly); twenty of them, including the United States, had agreed unconditionally to impose an embargo, while all the rest, except Japan, had agreed in principle to the proposal but had made reservations regarding the participation of specified countries. The Committee had drafted a form of declaration which was despatched to the Governments concerned with the request that they should now bind themselves definitely to prohibit the export of munitions to Bolivia and Paraguay.

In the meantime, the prohibition of export had already been put into force by several Governments in advance of general agreement. The action taken by the United States Government has been mentioned. Mexico had also informed the Committee of Three before the end of May that an embargo on the shipment of arms to Bolivia and Paraguay had been proclaimed, while Argentina and Brazil had reported that they had taken steps to prevent the transit of munitions across their frontiers. In Great Britain, licences for the export of munitions to Bolivia and Paraguay were withheld from the 9th May onwards, and similar measures were adopted by Denmark, Holland, and Switzerland during June. At the end of June, the British Government notified the Committee of Three that, while they were withholding licences, they were not prepared to sign a formal undertaking to prohibit export until the other states whose participation they considered indispensable had announced that they were willing to join in the embargo 'without reservations which must necessarily make it ineffective'. The British Government continued to refuse licences throughout July,<sup>1</sup> but they made it clear at the same time that they might feel obliged to reconsider their attitude, in the interests of British trade, if the enforcement of a general embargo continued to be postponed. In the last week of July, however, the principal remaining obstacle to general agreement was removed when the Italian Government withdrew their reservation regarding the fulfilment of current contracts and prohibited the export of munitions to Bolivia and Paraguay as from the 30th July. Thereupon, the French Government notified the Committee of Three that they were taking similar measures, while the British Government announced that they were now prepared to enforce the complete suspension of exports—that is, insisted upon, would have presented very serious difficulties, since recurrent contracts could not be dealt with on the basis of a time-limit.

<sup>1</sup> At the beginning of July the Government refused to license two ambulance aeroplanes which had been ordered by Paraguay, on the ground that, if the general embargo were enforced, it would apply to all kinds of aircraft.

they would put a stop to the export of all supplies, even of those for which licences had been granted before the 9th May—and suggested that all the other Governments concerned should be asked if they were ready to put the embargo into force without delay. Accordingly, the Committee of Three despatched yet another circular communication to the Governments, and by the middle of August affirmative replies had been received from about a dozen Governments. Thus there appeared at last to be a reasonable prospect of achieving that general embargo on the supply of munitions which had been indicated by the League's Chaco Commission as the most effective method of putting an end to the war between Bolivia and Paraguay.

#### (v) The Dispute between Colombia and Peru over Leticia

The dispute over Leticia which led to fighting between Colombia and Peru in the early months of 1933 proved less difficult to settle than the dispute between Bolivia and Paraguay which has been reviewed in the preceding section, and the Leticia conflict also differed from the Chaco conflict in the fact that responsibility for the state of virtual war which existed for some months was not divided between the disputants. In the Leticia case there could be no doubt from the outset that Peru alone was in the wrong. On the other hand, in one respect at least, Leticia presented an even graver menace to international peace than the Chaco because there was a greater danger that neighbouring countries might be drawn into the dispute. Both Ecuador and Brazil were directly interested in the state of affairs at Leticia: Ecuador because her own frontier with Peru had never been determined, and the Leticia corridor bordered upon the district to which both Ecuador and Peru laid claim;<sup>1</sup> and Brazil because Leticia was situated within a mile or two of the line which had been fixed in 1851 as the frontier between Brazil and Peru and because Peruvian and Colombian warships could only approach Leticia through Brazilian waters.

In the autumn of 1932 Leticia was still nothing but a village of about 300 inhabitants, but its potential importance was considerable. It was situated on the River Amazon, at a spot which was within easy reach of the confluence of several navigable rivers with the Amazon,

<sup>1</sup> See the *Survey for 1930*, pp. 436–7. Relations between Ecuador and Peru were traditionally unfriendly, and they had not improved since the implementation of the Colombian-Peruvian treaty of 1922 had virtually blocked Ecuador's access to the Amazon. Between Ecuador and Colombia, on the other hand, relations had been growing better for some years, and a stimulus to a closer *rapprochement* was provided by the development of international trade across the Ecuadorean-Colombian frontier.

and it was therefore capable of developing into one of the key points in the Upper Amazon Basin. In the third decade of the twentieth century the eastern slopes of the Andes and the region watered by the upper reaches of the Amazon and its tributaries were still to a large extent unexploited,<sup>1</sup> but Colombia, Ecuador, and Peru were beginning to realize the possibilities of this territory, which was rich in minerals, timber, and rubber, and which was also suitable for the cultivation of cotton and tobacco. Since the Upper Amazon Basin was cut off from the Pacific by the Andes, the possession of river ports which could be reached by ocean-going steamers from the Atlantic was a matter of great importance if the resources of the region were to be developed. The frontier between Colombia and Peru in the Upper Amazon Basin was in dispute up to the year 1922, but on the 24th March of that year a treaty was signed providing that the frontier should follow the Putumayo River except for a portion of territory at either end of the boundary line. At the western end Colombia recognized Peru's title to a small district on the north bank of the Putumayo known as the zone of San Miguel or Sucumbios, while at the eastern end Peru agreed to hand over to Colombia the 'Leticia Trapezium'—a narrow strip of territory running southward from the Putumayo to the Amazon, the eastern boundary of which was formed by the Brazilian frontier.<sup>2</sup> This treaty, which was known as the Salomon-Lozano Treaty, was ratified by Colombia in October 1925 and by Peru in December 1927. Ratifications were exchanged on the 29th May, 1928, and the treaty was registered with the League of Nations two months later. On the 14th March, 1930, a protocol was signed recording the fact that the actual demarcation of the boundary had been completed by a Mixed Commission.

Peruvian settlers in the corridor<sup>3</sup> which was thus ceded to Colombia

<sup>1</sup> In the early years of the twentieth century the exploitation of the Putumayo River district by Peruvian rubber producers had created an international scandal. Allegations regarding the ill-treatment of natives were investigated by a Commission of Inquiry sent out from England, under the chairmanship of Sir Roger Casement, and the Commission's findings gave rise to great indignation, especially in the United States.

<sup>2</sup> Colombia laid claim to a portion of the territory to the east of Leticia which was under Brazilian control, and Brazil protested against the terms of the Colombian-Peruvian treaty. In March 1925, however, an arrangement was reached under the auspices of the Secretary of State of the United States by which Colombia waived her claim to Brazilian territory, and the two countries granted each other reciprocally the right of free navigation in perpetuity on the Amazon and its tributaries under their respective jurisdictions. (See the *Survey for 1925*, vol. ii, pp. 433-4.) A treaty incorporating these provisions was signed by Colombia and Brazil on the 15th November, 1928.

<sup>3</sup> The Colombian Government declared that the Peruvian population of the whole Leticia Trapezium numbered less than 500.



and in the neighbouring province of Loreto appear to have resented the loss of Leticia, and in particular the inhabitants of Iquitos (a port on the Amazon about 250 miles above Leticia) felt that Colombia's possession of a port lower down the river damaged their interests.<sup>1</sup> During the night of the 31st August–1st September, 1932,<sup>2</sup> a group of armed Peruvians took possession of Leticia and hoisted the Peruvian flag. As the village was not garrisoned they met with no resistance, and they imprisoned and subsequently expelled the Colombian civil authorities. The occupation was later extended to cover the whole of the 'Leticia Trapezium'.

This *coup* appears to have taken the Government of Peru as well as that of Colombia by surprise, and at first the attitude adopted at Lima was that proper to a Government whose nationals had made an unprovoked attack upon the territory of a friendly state. 'When the attack on Leticia became known, the Peruvian Government at once informed the Colombian Government that it had nothing whatever to do with the planning or execution of these acts, which it deplored and condemned; at the same time, it offered its co-operation, as provided for in the existing treaties<sup>3</sup> and rules of international law with regard to relations between neighbouring countries with a view to preventing persons coming from one country from disturbing peace in the other or taking part in subversive acts.'<sup>4</sup> The Peruvian Government also declared explicitly at this stage that they recognized the validity of the Salomon-Lozano Treaty by which Colombia had acquired possession of Leticia.

The assailants, however, had the support of the military authorities in the province of Loreto, and when the Government at Lima realized that the Loretanos did not intend to give up their acquisition they changed their attitude. Señor Sanchez Cerro<sup>5</sup> and his Government

<sup>1</sup> According to one report, the ringleader of the attack on Leticia was the owner of a ranch who had failed to sell his property to the Colombian authorities at a price which they considered exorbitant.

<sup>2</sup> This is the date given in the report adopted by the League of Nations Council on the 18th March, 1933 (see p. 451 below). In earlier accounts the date given was the 1st–2nd September, 1932.

<sup>3</sup> Both Colombia and Peru were signatories of a treaty concluded at Caracas on the 18th July, 1911, between five American Republics, by which each contracting state undertook to refrain from assisting in any way movements of rebellion against another signatory state.

<sup>4</sup> Communication, dated the 2nd January, 1933, from Señor Santos, the special representative of the Colombian Government in Europe, to the Secretary-General of the League of Nations (*League of Nations Official Journal*, April 1933, Part I, p. 545).

<sup>5</sup> Señor Cerro had headed the military junta which overthrew Señor Leguía in August 1930, and although he had been obliged by another rising to make his escape to Europe early in 1931, he had returned to Peru later in the year

did not feel themselves sufficiently safe in the saddle to risk a revolt in Loreto, and they may even have calculated that complications with Colombia might serve to distract attention from troubles at home. At all events, within a few weeks of the *coup* at Leticia the Peruvian Government were taking the line that the Salomon-Lozano Treaty had been concluded under the dictatorship of Señor Leguía against the wishes of the Peruvian people, and that the seizure of Leticia was the outcome of a movement for national reintegration which the Government could not resist and which ought to be accepted by other countries in the same way as the seizure of Fiume by Italy and of Vilna by Poland had been accepted. Their suggestion was that the Salomon-Lozano Treaty ought to be revised in Peru's favour, and in support of this contention they alleged that Colombia had not fulfilled her part of the bargain and had not handed over the zone of San Miguel or Sucumbios which had been assigned to Peru at the western end of the frontier. Colombia denied that she had not carried out the provisions of the treaty in this respect, and declared that she had placed the zone at the disposal of Peru, who could occupy it when she wished.<sup>1</sup>

The Peruvian Government seem to have hoped that they might be able to retain Leticia while avoiding the stigma of aggression, if they put into operation the existing machinery for the peaceful settlement of inter-American disputes. Both Peru and Colombia were signatories of the Pan-American Arbitration and Conciliation Conventions of 1923 and 1929<sup>2</sup> (though Colombia had not yet ratified the 1929 conventions), and at the end of September the Peruvian Government suggested that the Permanent Conciliation Commission which had been established at Washington in accordance with the treaties should undertake the task of mediation between Peru and Colombia and should arrange for arbitration of the dispute. This proposal was quashed by Colombia. In a note of the 12th October to the Permanent Conciliation Commission, the Colombian Government declared that the case was not suitable for arbitration, since the boundary established by the treaty of 1922 was not in dispute, and the problem was merely one of suppressing an insurrection in a portion of Colombian

and was elected President in October. Since his election he had had to deal with a Communist outbreak as well as with military intrigues and minor mutinies.

<sup>1</sup> The difficulty appears to have arisen because of Ecuador's unsettled claims in this region. Peru proposed, during the discussion of the Leticia affair at Geneva, that the question of the San Miguel zone should be referred to a Commission of Jurists, but this suggestion was not acted upon.

<sup>2</sup> See the *Survey for 1925*, vol. II, p. 409, and the *Survey for 1930*, pp. 376-81.

territory. They pointed out that this matter of internal policing would only take on an international complexion if the Peruvian Government upheld the seizure of Leticia and supported the raiders. A further proposal for a settlement by conciliation was made by Peru on the 20th October and was again rejected by Colombia.

Meanwhile the Colombian Government had been making preparations to reassert their authority in the Leticia Trapezium. While there was no recruiting or general mobilization, the issue of a special loan for national defence was sanctioned by the Colombian Congress in the third week of September,<sup>1</sup> and there were demonstrations against Peru in Bogotá. The task of expelling the intruders from Leticia was rendered extremely difficult by the inadequacy of communications between the Colombian capital and the Peruvian frontier. Although the distance from Bogotá to Leticia was not more than 400 miles, the journey, even in the dry season, took several weeks owing to the absence of roads. A road from Bogotá to Caucaya on the Putumayo River was under construction, and the work was pressed forward, but the transport of troops along this route would not be possible for some months, and the Government therefore decided in favour of a naval expedition, although their ships would have to pass through the Panamá Canal and make the long journey of over 2,000 miles up the Amazon before they would reach Leticia. By the end of December 1932 a small flotilla of gunboats and military transports had arrived at Pará at the mouth of the Amazon. At the same time, Peruvian reinforcements, which included a number of aeroplanes, were reported to be assembling near Leticia. By the end of the first week in January 1933 the Colombian expedition had reached Manáos, about half-way up the Amazon, but there it halted for some time—at the instance, it was reported, of the Brazilian Government.

The neighbours of Colombia and Peru had naturally been watching these developments with anxiety. Ecuador formally declared her neutrality in November, but at the same time the Government called up reserves, and the diplomatic representative of Ecuador in Washington was reported to have declared that his Government would go to war if necessary in order to protect their rights in the Amazon Basin. At the end of November Ecuador sent a communication to the League of Nations explaining her concern at the situation, and her determination to prevent any violation of her territory in the event of war between Colombia and Peru. A month later Ecuador also notified the Governments of the other American Republics that she would claim the right to be a party to any negotiations for revision of the 1922

<sup>1</sup> Similar measures were taken simultaneously in Peru.

treaty which might take place between Colombia and Peru. Brazil did not apparently think it necessary to make a formal declaration of neutrality, but when the despatch of a Colombian naval expedition up the Amazon was accompanied by indications that the Peruvians intended to offer forcible resistance to expulsion from Leticia, the Brazilian Government took steps to protect their neutrality by despatching warships and troops to Tabatinga, the nearest port to Leticia on the Brazilian side of the frontier. Moreover, Brazil did not confine herself to defence of her own interests, but also took active measures to promote a settlement between Peru and Colombia.<sup>1</sup> The Brazilian Government suggested to the Governments of Colombia and Peru that they should agree to the temporary administration of the 'Leticia Trapezium' by Brazil. The Peruvian Government was asked to 'give its entire moral support' to this proposal and to 'use its persuasive influence with its nationals' in order that the territory might be handed over to the Brazilian authorities, who would reinstate the deposed Colombian officials as soon as possible. 'In compensation', Colombia was asked to agree to enter into negotiations, immediately after she had regained possession of Leticia, 'for the purpose of considering the Salomon-Lozano Treaty in a broad spirit of conciliation'. This proposal was supported by the Governments of the United States, Argentina, Chile, and other American states, and also by the principal European Governments. It was accepted by Colombia, but Peru proposed modifications by which Brazil would continue to hold Leticia as long as the negotiations for a revision of the 1922 treaty were in progress and would undertake to return it to Peru if the negotiations broke down. This suggestion was unacceptable to both Brazil and Colombia, and on the 3rd February, 1933, the Brazilian Government notified the Peruvian Government that their attempt at conciliation was at an end. The Peruvian Government did not accept this decision as final but endeavoured to persuade the Brazilian Government to continue their mediation. Brazil then appears to have offered to hold Leticia for two months before handing it back to Colombia, but agreement could not be reached on this basis, and in the middle of February the Colombian Government announced that they considered Brazil's mediation at an end.

Meanwhile, during January, Colombia had asked for the intervention of the League of Nations and of the signatories of the Kellogg-Briand Pact. It has been mentioned that the situation at Leticia had

<sup>1</sup> The Chilean Government also made proposals for a solution in December, to which the Peruvian Government were reported to have replied that they were willing to accept the mediation of Brazil.

been brought to the notice of the League of Nations by Ecuador in November 1932, but it was not until the 2nd January, 1933, that the Colombian Government formally submitted their case to the League. By this time, the danger of a clash between the Peruvian and Colombian armed forces was becoming acute. On the 6th January the commander of the Peruvian army division at Iquitos had telegraphed to the commander of the Colombian expedition which was making its way up the Amazon warning him that 'military measures' had been taken in order to prevent 'any acts of hostility' against the Peruvians who were 'legitimately occupying the Leticia zone in virtue of the professed principles of the free determination of nationality'. On the 11th January, the Colombian Government brought this communication to the notice of the Peruvian Government and appealed to them 'to take all necessary measures to ensure that the Peruvian officials, forces or other agents' should not oppose the Colombian forces when the latter were engaged in the 'legitimate operations' of reoccupying Colombian territory and restoring the lawful authorities. The Colombian Government reiterated 'the assurances already given that, once Colombian sovereignty is restored at Leticia and in the adjacent territory, if there is then any other question which the Peruvian Government desires to discuss, the Colombian Government will be prepared to do so in a genuine spirit of conciliation'. In replying to this note on the 14th January, the Peruvian Government declared that there could be no question of their forcible retention of Leticia, since it was not they who were responsible for the occupation of the port, and that they did not desire the abrogation of the 1922 treaty but merely the modification of the frontier line established by it. They added, however, that 'the precautionary measures which the military authorities at Loreto were . . . obliged to adopt were the consequence of the large-scale preparations made by Colombia for forcibly overcoming the occupants of Leticia, who, in view of the fact that they were Peruvians and had been actuated by the desire to regain national territory, could not be abandoned to the uncertainty which threatened them'. The implications of this passage of the Peruvian note were underlined by a statement made by the Peruvian Ambassador in Washington on the 23rd January, to the effect that the Loretanos were determined to oppose any use of force by Colombia and that Peru could not stand by passively when the interests of Loreto were at stake. On the same day (the 23rd January) the Colombian naval expedition left Manáos and proceeded up-stream towards Leticia, and the Colombian Government despatched identic notes to the Government of the United States and to all the other

signatories of the Pact of Paris for the Renunciation of War (the 'Kellogg-Briand Pact') requesting them to remind Peru of her obligations under the Pact.

The Secretary of State of the United States took prompt action in response to this appeal.<sup>1</sup> After conferring with the diplomatic representatives of Great Britain, France, Japan, Italy, and Germany,<sup>2</sup> Mr. Stimson addressed a stiff note to the Peruvian Government on the 25th January, 1933. He pointed out that, while the Peruvian Government 'quite perceptibly' disavowed 'the taking and holding of Leticia', certain of their statements were 'unfortunately susceptible of the interpretation' that they would 'use force to support these invaders of Leticia and to prevent the Colombian authorities from re-establishing their authority in this Colombian territory'. Any attempt to obtain the modification of the Salomon-Lozano Treaty 'by a forcible and armed support of the illegal occupation of Leticia' would be a breach of the Kellogg-Briand Pact and 'would entail a denial of the benefits furnished by that pact to the signatory Power which violated it'. Mr. Stimson appealed once more to the Peruvian Government to accept the proposal put forward by Brazil and reminded them of the declaration which Peru and eighteen other American nations had signed on the 3rd August, 1932, in connexion with the Chaco dispute,<sup>3</sup> whereby they had renounced the use of force for the solution of their controversies and as an instrument of national policy and had declared that they would not recognize the validity of territorial changes brought about by violent means.

On the 27th January Mr. Stimson took the significant step of transmitting to the League of Nations the text of his note of the 25th to Peru. This was the first occasion on which the Government of the United States had communicated direct with the League on any matter relating to the region to which the Monroe Doctrine applied, and Mr. Stimson's *démarche* was taken as an indication that the Administration at Washington would welcome any assistance which the League might be able to give in bringing the dispute over Leticia to an end. This attitude removed one of the principal difficulties which the League had experienced in handling other Latin-American disputes, and the establishment of co-operation between Geneva and Washington obviated the danger of a reproduction of the situation

<sup>1</sup> The other signatories of the Kellogg Pact confined themselves to supporting the Brazilian Government's proposal for a solution of the dispute.

<sup>2</sup> Mr. Stimson had adopted a similar procedure in 1929 before he intervened, in virtue of the Kellogg Pact, in the dispute between China and the U.S.S.R. over the Chinese Eastern Railway (see the *Survey for 1929*, p. 354).

<sup>3</sup> See p. 407 above.

which had arisen in the case of the Chaco dispute, where Bolivia and Paraguay, by setting off one mediating agency against another, were able to resist all attempts to induce them to lay down their arms.

No immediate action had been taken by the League on receipt of the Colombian Government's communication of the 3rd January, but on the 14th January the Acting-President of the Council (Mr. Sean Lester of the Irish Free State) had telegraphed to the Governments of Peru and Colombia asking Peru to state her views and appealing to both Governments to refrain from any action which was not in strict conformity with the Covenant. This elicited a series of telegrams from Peru in which the Government declared that Peru was not the aggressor, since she was ready to negotiate for a friendly settlement. The Peruvian Government accused Colombia, whose naval forces were 'advancing against Leticia on the pretext that the question is a purely internal one', of 'aggressive designs' against 'defenceless Peruvians for the sole offence of claiming the right to decide their own nationality', and they asked the League 'to order the suspension of all measures of force'. In response to this request the question was placed on the agenda of the Council and was considered by that body on the 24th and 26th January, when representatives of the Colombian and Peruvian Governments were given a hearing. It was clear from the discussion that the members of the Council unanimously accepted the contention of Colombia that the restoration of her authority in Leticia was a matter of internal police action and condemned Peru's attempt to make the right of national self-determination an excuse for a flagrant act of aggression. At the same time, it was recognized that Peru had some justification for apprehension regarding the fate of her nationals in Leticia, and the telegrams which the Council decided to despatch to the disputants took this consideration into account. The Peruvian Government were reminded that it was the duty of Peru, as a member of the League, to 'refrain from any intervention by force on Colombian territory and to ensure . . . that the military forces of Peru should take no action beyond the defence of Peruvian territory and should not hinder Colombian authorities from the exercise of full sovereignty and jurisdiction in territory recognized by treaty to belong to Colombia'. The Colombian Government were asked 'not only to avoid the violation of Peruvian territory but to make clear to the Peruvian Government that it is not the intention of the Colombian Government to commit any such violation', and the Council also expressed the hope that the Colombian Government would 'exercise all possible clemency' and limit their action strictly to the preservation of order in their own territory.

The Council instructed the Committee of Three which had been set up to deal with the dispute between Bolivia and Paraguay to follow this dispute also and to take any further steps which might be possible to avert a collision between the armed forces of Colombia and Peru. The influence of the League, however, availed as little as that of the United States<sup>1</sup> to induce the Peruvian Government to take the necessary measures to ensure the peaceful reoccupation of Leticia by Colombia. In their reply to the Council's telegram of the 26th January, the Colombian Government gave the required assurances that they would not violate Peruvian territory and would exercise clemency; whereas the Peruvian Government, in their reply, continued to maintain that their attitude was purely defensive and that it could not 'be an obligation upon Peru not to interfere with the attack on Leticia where there are Peruvians who . . . have gone there to protest against the iniquity which separated them from their country of origin'. At the beginning of February, the Colombian flotilla lay at anchor off Tabatinga on the Brazilian side of the frontier, while the Leticia corridor was still occupied by armed Peruvians in considerable force, and Peruvian detachments were also posted along the Putumayo River. The Colombian warships were apparently unable to reach Leticia owing to the fact that the waters of the Amazon were unusually low, and by the middle of February they had left Tabatinga and were in Brazilian waters near Tarapacá—a small port on the Putumayo about eighty miles north of Leticia, which marked the north-east corner of the 'Leticia Trapezium', and which had been occupied by Peruvians shortly after the seizure of Leticia.

It was at Tarapacá that the first fighting took place on the 14th February. On that day, General Vasquez Cobo, who was in command of the Colombian expedition, summoned the Peruvians who were in occupation of Tarapacá to surrender the village without resistance. According to the Colombian version, the Peruvians replied by sending a number of aeroplanes which dropped bombs on the Colombian ships (which were still in Brazilian waters).<sup>2</sup> The Peruvian aeroplanes

<sup>1</sup> The reply of the Peruvian Government to Mr. Stimson's note of the 25th January had not been considered satisfactory in Washington, and Mr. Stimson had again appealed to Peru to accept the Brazilian proposal without modification, but this appeal produced no effect.

<sup>2</sup> After this incident, Brazil was reported to have notified both Colombia and Peru that she intended to take steps to prevent the violation of Brazilian territory and would, if necessary, close the Amazon to their ships. Earlier rumours that Brazil was contemplating the denunciation of the treaty of 1851 which guaranteed freedom of navigation on the Amazon had been contradicted. Colombia's right to send warships up the Amazon was guaranteed by the treaty of 1928 (see footnote 2 on p. 439 above).



were driven off, and the Colombian forces subsequently occupied Tarapacá. The Peruvian version was that the Colombian commander had been guilty of aggression because he had attacked Tarapacá, after delivering an ultimatum, at a moment when the Peruvian Government still hoped that a settlement would be reached as a result of Brazilian mediation.<sup>1</sup>

After the fighting at Tarapacá, the Colombian Government broke off diplomatic relations with Peru, and for a time there seemed to be a grave danger that the conflict would develop on a serious scale. The Peruvian President attempted to stir up war feeling by appealing to patriots to defend the national honour and meet force with force; the Colombian Legation at Lima was sacked by a mob and the Minister had some difficulty in making his escape; and a large number of young Peruvians were subjected to intensive military training. In Colombia, also, there were indications of a growing feeling of hostility towards Peru and of a desire to settle the account by force of arms; but the Government were fully alive to the advantages which they derived from the general recognition of the excellence of their case, and they were anxious to avoid any action which might alienate sympathy from them. The affair at Tarapacá was promptly reported to the League of Nations by both Colombia and Peru, and on the 17th February the Colombian Government took the further step of invoking Article 15 of the Covenant.

An extraordinary session of the Council was summoned for the 21st February to deal with Colombia's application. The Peruvian Government did not instruct a representative to attend the meeting, and the absence of a Peruvian delegate could not fail to strengthen the Council's conviction that Peru was in the wrong. Indeed, since the issue was so clear, the feeling of the Council was that there need be little delay in carrying out the measures for which Article 15 of the Covenant provided. Under paragraph 3 of that article, however, the first duty of the Council was to 'endeavour to effect a settlement of the dispute', and the Committee of Three was accordingly asked to negotiate with the parties and try to find a formula for conciliation. After holding several meetings the Committee drew up a scheme which, it believed, would provide an equitable solution. It proposed that a Commission appointed by the League should take charge of the Leticia corridor, which would be evacuated by the Peruvians. Colombia would place forces at the disposal of the Commission for the maintenance of order in the territory, and these forces, which would

<sup>1</sup> The Peruvian Government stated that they did not receive the Colombian declaration that mediation was at an end until after the fighting at Tarapacá.

become international for the period of the negotiations, might be supplemented by other personnel at the Commission's discretion. Negotiations would be initiated without delay with a view to a 'just, lasting and satisfactory' solution of outstanding problems. Colombia and Peru would decide on the best method of carrying on these negotiations, and the Council would be ready to give its good offices in case of disagreement.

This proposal was submitted to Colombia and Peru on the 25th February and was accepted by Colombia on the 27th. On the same day, the Government of the United States sent an identic note to Peru and Colombia, giving their 'fullest support' to the Committee's proposal and describing it as 'a most straightforward helpful one which . . . should make possible a peaceful solution of the present controversy honourable to both Governments'. Thus one of the last acts of Mr. Hoover's Administration was to approve a proposal which involved the despatch of a League Commission to South America. The Peruvian delegate had asked the Committee of Three to grant him a few days' delay before answering their proposal, and the reply of the Peruvian Government had not yet been received on the 1st March, when the proposal was unanimously approved by the Council. Although this meeting was attended by a Peruvian delegate, his argument that some treaties ought to be abolished because they were immoral produced no effect.

When the Peruvian Government communicated their views on the Committee of Three's proposals a few days later, they took exception to the suggestion for the internationalization of Colombian forces and proposed instead that order should be maintained in the territory by the population itself. They also proposed that definite rules should be laid down for the conduct of the negotiations which were to be opened. These counter-proposals were rejected by Colombia, and the Committee of Three did not consider that they offered an acceptable basis of settlement. On the 8th March, therefore, the Council took note of the fact that the attempt to find a solution had failed and authorized the Committee of Three to proceed with the preparation of the report provided for in paragraph 4 of Article 15 of the Covenant.<sup>1</sup>

This report was completed in a week and was published on the 17th March.<sup>2</sup> It reviewed the history of the events which had begun

<sup>1</sup> 'If the dispute is not . . . settled, the Council either unanimously or by a majority vote shall make and publish a report containing a statement of the facts of the dispute and the recommendations which are deemed just and proper in regard thereto.'

<sup>2</sup> League of Nations Document *C. 194. M. 91. 1933. VII*. The report was reproduced as an annex to the minutes of the extraordinary session of the

with the seizure of Leticia, set out the cases submitted by the two Governments, and described the various attempts which had been made to promote a peaceful settlement. In the conclusions relating to the dispute, Peru was clearly proclaimed the aggressor, since it was stated that her nationals, with the support of the military authorities at Loreto, had occupied territory which formed part of the Republic of Colombia in virtue of a treaty which, both parties agreed, was in force between them. The report also noted that Leticia was still in Peruvian hands, and that Peru had rejected the Council's proposals for the settlement of the dispute, which had been accepted by Colombia. In view of these conclusions, the report made the following recommendations:

The Council (1) seeing that the situation resulting from the presence of Peruvian forces in Colombian territory is incompatible with the principles of international law, with those of the Covenant of the League of Nations and the Pact of Paris, which are binding on the two parties, and to which the settlement of the dispute must conform; and that it is necessary to establish as speedily as possible a situation in harmony with those principles; and that, moreover, the Government of Colombia has accepted the proposals made by the Council in its telegram dated the 26th January, 1933, to the effect that the strictest precautions should be taken to avoid any violation of Peruvian territory and, in proceeding to the re-establishment of order, the Colombian authorities should show the requisite moderation; recommends the complete evacuation by the Peruvian forces of the territory contained in the Leticia Trapezium and the withdrawal of all support from the Peruvians who have occupied that area.

(2) Seeing that the Council has recognized the necessity for negotiations on the basis of the treaties in force between the parties for the purpose of discussing all the problems outstanding and the best manner of reaching a solution of them which shall be just, lasting and satisfactory; and that the discussion of these problems will include the examination of any legitimate Peruvian interests; recommends that the negotiations be begun and carried out with all expedition, as soon as suitable measures shall have been taken to carry out the first recommendations.

The report went on to announce the readiness of the Council 'to lend its good offices in case of disagreement as to any point either of procedure or of substance which may arise'. It appealed to the Members of the League of Nations to 'refrain from any act that might prejudice the execution or delay the application of these recommendations',<sup>1</sup> and it recalled the resolution adopted by the Assembly of the

Council which dealt with the dispute (*League of Nations Official Journal*, April 1933, Part I, pp. 598-609).

<sup>1</sup> Under paragraph 6 of Article 15 of the Covenant, if a report by the Council was 'unanimously agreed to by the members . . . other than the representatives of one or more of the parties to the dispute', the Members of the League were

League on the 11th March, 1932, declaring it incumbent upon Members of the League not to recognize any situation brought about by means contrary to the Covenant or to the Pact of Paris.<sup>1</sup> It also recalled the declaration signed on the 3rd August, 1932, by which nineteen American states gave a similar undertaking.<sup>2</sup>

This report was adopted unanimously by the Council, by roll call, on the 18th March. It was accepted by the Colombian delegate, Señor Santos, on behalf of his Government, but the Peruvian delegate, Señor Calderon, voted against it and left the Council table when it was carried over his head. After it had adopted the report prepared by the Committee of Three, the Council also adopted a resolution noting that it was entitled, in virtue of paragraph 4 of Article 4 of the Covenant, to deal 'with any question affecting the peace of the World' and that it therefore could not 'withhold its attention from developments in the dispute between Colombia and Peru'. Accordingly, it decided to appoint an Advisory Committee 'to watch the situation, assist the Council in the performance of its duties under Article 4, paragraph 4, and help the Members of the League for the same purpose to concert their action and their attitude among themselves and with non-member states'. This committee was to consist of representatives of all the members of the Council (except Japan),<sup>3</sup> and the United States and Brazil were also to be invited to collaborate in its work 'in the manner they shall consider the most appropriate'. These invitations were despatched immediately, and on the same day (the 18th March) the Government of the United States agreed to nominate an observer to participate in the work of the Committee without the right to vote.<sup>4</sup> The Brazilian Government accepted the invitation, on the same terms, on the 24th March.

The Advisory Committee, of which Mr. Sean Lester was appointed chairman, held its first meeting on the 22nd March and discussed the possibility of putting an arms embargo into force against Peru if that

bound not to 'go to war with any party to the dispute which' complied 'with the recommendations of the report'. This negative obligation was the only one explicitly imposed upon Members of the League by Article 15, but the sanctions of Article 16 were, of course, in reserve for application against the state which resorted to war in disregard of its covenants under Articles 12, 13, or 15.

<sup>1</sup> See the *Survey for 1932*, pp. 578-80.

<sup>2</sup> See p. 407 above.

<sup>3</sup> For the position of Japan, see the present volume, Part IV, section (iv).

<sup>4</sup> According to a report published in the American Press, it was 'made clear' at Washington on the 18th March that President Roosevelt would be 'glad to have the assistance of the League in matters of concern' in the American hemisphere. The acceptance of the League's invitation to collaborate with the Advisory Committee confirmed the indications that the new Administration intended to carry on the policy of their predecessors in this respect.

country continued to take action in contradiction to the Council's recommendations. The same difficulty was encountered as in the case of the proposal to prohibit the export of arms to Bolivia and Paraguay<sup>1</sup>—the difficulty, that is, that the Government of the United States could not take part in measures of this kind so long as the resolution empowering the President to declare an embargo was pending in Congress. In these circumstances, the Advisory Committee was unable to take any decision on an embargo, but the members undertook to consult their Governments and ascertain if they would be prepared in principle to prohibit the delivery of arms to Peru. In the meantime sporadic fighting was going on in the neighbourhood of Leticia, and on the 26th March Colombian troops captured the Peruvian post of Guepi, on the Putumayo River, more than 300 miles west of the Leticia corridor. By this time, the road between Bogotá and the Putumayo River at Caucaya was complete, and the Colombian Government had been able to send troops to the frontier in considerable strength. Guepi was on the southern bank of the Putumayo and was therefore indisputably in Peruvian territory,<sup>2</sup> and although the Colombian version was that its capture had been rendered necessary by the acts of hostility which its garrison had been committing for several weeks against the Colombian forces on the opposite bank, there appeared to be grounds for apprehension that Colombia had made the first move in a general offensive against Peru, with the capture of Iquitos as the first objective.<sup>3</sup> The Peruvian Government asked that a meeting of the Advisory Committee should be held to consider the hostile acts committed by Colombia in Peruvian territory, but they can have derived little satisfaction from the result of this *démarche*. The Advisory Committee, which met on the 5th April, took the line that it had not sufficient information before it to determine finally the question of responsibility for the Guepi incident, but that it was clear that the incident would not have arisen if Peru had carried out the recommendations contained in the Council's report of the 18th March. The Committee also instructed its chairman to continue to keep in touch with the representatives of Colombia and Peru, in the hope that it might prove possible to apply the Council's recommendations in co-operation with the parties to the dispute.

During April occasional fighting was reported from the neighbour-

<sup>1</sup> See pp. 418–19 above.

<sup>2</sup> The 1922 treaty had fixed the frontier along the 'thalweg' of the river.

<sup>3</sup> In one Colombian journal, the taking of Guepi was described as the opening of a phase of punishment and reparation.

hood of the Putumayo River and the Colombian troops occupied certain other Peruvian posts, but no general offensive was launched by Colombia, and the next serious development was the result of Peruvian initiative. On the 3rd May, a Peruvian cruiser and two submarines passed through the Panamá Canal, apparently *en route* for the Amazon, and the Advisory Committee held a series of meetings beginning on the 6th May to consider the situation. In reply to inquiries from the Committee the Peruvian Government admitted that the ships were bound for the Upper Amazon, whereupon the Committee informed Peru that in their opinion it was not desirable that the ships should proceed on their way. The Committee also considered the possibility of arranging that the Peruvian ships should not be given facilities at foreign ports, and drafted recommendations to this effect for transmission to the Powers concerned. Before a decision had been reached on these recommendations,<sup>1</sup> however, the whole situation was altered by the announcement that direct negotiations for a settlement had begun between Colombia and Peru.

The reason for this change in the position was to be found in internal developments in Peru. On the 30th April Señor Sanchez Cerro had been assassinated, and his death revealed the extent to which the unpopularity of his régime had been increased by his attitude on the Leticia affair and the intensive military preparations to which that attitude had given rise.<sup>2</sup> Señor Cerro's successor as President was General Benavides, who had formerly acted as his country's diplomatic representative in London. The accident that Señor Alfredo Lopez, the leader of the Colombian Liberal Party, had

<sup>1</sup> On the 11th May, the British Government received a request for permission for the three Peruvian warships to visit Trinidad. The Governor of Trinidad was immediately instructed not to grant facilities to the ships pending the receipt of further instructions, for which he was to ask on their arrival. The ships, however, reached Trinidad earlier than had been expected, and they had already been permitted to refuel before the Governor received the instructions to withhold facilities for the time being. The House of Commons at Westminster was subsequently informed that the British delegate at Geneva had been instructed to say that the Government would view with misgivings the taking of any steps not in conformity with the recognized international practice in dealing with the warships of a friendly Power which is not a belligerent. Such a measure would in effect be a form of sanction not taken under Article 16 of the Covenant and apparently without precedent. At the same time the Government would be prepared to accept the recommendations drafted by the Advisory Committee subject to certain minor modifications, to the reservation that no precedent was being created, and to the acceptance of the proposal by the Governments of the Netherlands and Venezuela as well as by the Governments represented on the Advisory Committee.

<sup>2</sup> There were said to be 30,000 young Peruvians undergoing military training at the time of Señor Cerro's death.

been the Colombian Minister in London at the same time, and that he and General Benavides were on friendly terms, was now turned to good account. Señor Lopez undertook to sound the new Peruvian President as to the possibility of a settlement, with the happy result that Peru and Colombia found themselves able to agree on procedure for putting into effect the recommendations contained in the Council's report of the 18th March.

This procedure had been suggested by Mr. Lester, the chairman of the League's Advisory Committee, who had been conducting negotiations with representatives of Colombia and Peru at Geneva during April. His suggestions involved certain modifications in the original proposals relating to the temporary administration of Leticia by a League Commission: in particular, the Commission, whose term of office was not to exceed a year, would itself select the military forces which were to maintain order in the territory, and the Colombian Government would take upon itself the expenses of the Commission. Colombia was at first somewhat reluctant to agree to Mr. Lester's suggestions, but the Government accepted them in the second week of May, and on the 25th May, at a meeting of the League Council, the representatives of Colombia and Peru signed on behalf of their respective Governments a document recording their acceptance of the Council's recommendations of the 18th March and of the procedure suggested for putting those recommendations into force. In accepting the Council's proposals, the two Governments undertook to give orders that all acts of hostility should cease on either side and that the military forces of either country should remain strictly within its frontiers. It was understood that the Colombian forces which had occupied Guepi and other posts on the Peruvian bank of the River Putumayo would evacuate those posts simultaneously with the Peruvian evacuation of Leticia.<sup>1</sup>

It was decided that the Commission which was to administer Leticia should consist of three members—nationals respectively of the United States, Brazil, and Spain—with a member of the League Secretariat as its secretary. The Commission was constituted without delay (the instrument signed on the 25th May stipulated that it should reach Leticia within thirty days), and it held its first meeting at Teffe in Brazil on the 19th June, when the American member, Colonel Arthur Brown, was elected chairman. The Commission reached Leticia on the morning of the 23rd June and the evacuation

<sup>1</sup> This understanding was recorded in a letter addressed by Mr. Lester, as chairman of the Advisory Committee, to the representatives of Colombia and Peru.

of the Peruvian troops was completed by 3 p.m. on the same day. At the same time, the Colombian troops handed over to the Peruvian authorities Guepi and the other Peruvian posts which they had occupied.

It remained to arrange for the opening of the negotiations on problems outstanding between Colombia and Peru, the holding of which had formed an integral part of the plan recommended by the League Council. The place and date of the conference were the subject of considerable discussion during July and August, but by the end of August it had been decided that the negotiations should begin at Rio de Janeiro in October 1933. In September, Ecuador put forward a claim to be admitted to the conference. The Colombian Government were reported to be in favour of allowing Ecuador to take part in the proceedings, which would thus become a general conference for the settlement of all territorial differences in the Amazon basin, but Peru wished to confine the discussions to the revision of the Colombian-Peruvian frontier, and when the negotiations were formally opened in Rio de Janeiro, towards the end of October, no representative of Ecuador was present.

The negotiations, which were conducted under the presidency of Senhor Mello Franco, the Brazilian Foreign Minister,<sup>1</sup> proceeded somewhat slowly, and in April 1934, when the conference had been in progress for six months, it became necessary to consider the question of what steps were to be taken if no agreement was reached before the 23rd June—the date on which the year's mandate of the League Commission at Leticia was due to expire. A general feeling of uneasiness in regard to the position which would arise in June was augmented by reports that both countries, while they did not cease to proclaim their desire for peace, were in fact increasing their armaments and making other preparations which appeared to indicate that they contemplated a resumption of hostilities.<sup>2</sup> The Peruvian Government suggested that the League Commission's mandate should be prolonged for another six months, in order to give time for the negotiations to reach a successful conclusion; but the Colombian

<sup>1</sup> Senhor Mello Franco continued to act as chairman of the Conference after his resignation from the Cabinet in January 1934.

<sup>2</sup> The Colombian Government, for instance, engaged fifty American citizens to act as aviation instructors, and a number of British ex-naval officers and naval ratings were also engaged to man two destroyers which were purchased by Colombia in Great Britain. The undesirability of these British subjects entering into contracts with the Colombian Government at a time when the controversy over Leticia was still unsettled and might lead to further hostilities was emphasized in a series of parliamentary questions put by Mr. G. le M. Mander in the House of Commons at Westminster in May 1934.



Government were unwilling to accept a proposal which would postpone the re-establishment of Colombian sovereignty over Leticia. Colombia's suggestion was that the League Commission should hand over the territory to the Colombian authorities on the 23rd June, and that Leticia should be occupied by Colombian troops before that date, in order to guard against a *coup* from the Peruvian side. A Colombian force of 1,650 men was actually despatched to the disputed area by the sea and river route and reached Trinidad in the third week of May.<sup>1</sup>

Meanwhile, on the 12th April, the situation had been discussed at Geneva by the Advisory Committee which had been appointed by the Council in March 1933.<sup>2</sup> The chairman of the Committee, Señor Castillo Najera of Mexico, explained that the relations between Colombia and Peru could not be considered satisfactory and that there was reason to fear that the negotiations at Rio de Janeiro would not result in agreement before the 23rd June. The Brazilian representative, however, was able to tell the Committee that, in his Government's belief, the negotiations might be successfully concluded in the course of the next few weeks; and in the light of his information the Committee decided to postpone its decision in regard to the prolongation of the League Commission's mandate.

In the event, the Brazilian Government's hope was justified. On the 19th May the representatives of Colombia and Peru accepted a formula which had been put forward by Senhor Mello Franco, and on the 24th May a 'Protocol of Friendship and Co-operation' was signed at Rio de Janeiro.<sup>3</sup> In this agreement, Peru expressed regret for the incidents which had taken place since the 1st September, 1932, and the two countries recorded their intention of resuming diplomatic relations. The validity of the treaty of the 24th March, 1922, was explicitly confirmed, and it was laid down that its terms could only be modified by mutual consent or by arbitral decision. Negotiations would be opened, through the normal diplomatic channels, for the settlement of all outstanding differences, and the two countries undertook to conclude agreements relating to customs, trade, river navigation, the protection of settlers, and other questions arising in the Amazon and Putumayo basins. A mixed commission with a Brazilian chairman would be appointed to promote the conclusion of these agreements. A technical commission was also to be appointed

<sup>1</sup> When agreement was reached at Rio de Janeiro this Colombian force was instructed to remain provisionally in Brazilian waters.

<sup>2</sup> See p. 451 above.

<sup>3</sup> The text was published in the *Bulletin of the Pan American Union*, August 1934.

to draw up an agreement for the demilitarization of the Colombian-Peruvian frontier. The two countries bound themselves not to make war, nor to employ force either directly or indirectly as a means of settling any differences between them, and they agreed that such differences, if they could not be settled by the ordinary methods of diplomacy, should be referred for decision to the Permanent Court of International Justice. The agreement was to be subject to ratification, but it was stipulated that the exchange of ratifications should take place not later than the 31st December, 1934.

The signature of this agreement appeared definitely to obviate the danger that Peru and Colombia might again resort to arms for the settlement of their dispute over Leticia; and the successful conclusion of the Rio de Janeiro Conference was acclaimed as a triumph of the spirit of conciliation and common sense. The success was attributed in no small degree to the tact and patience of Senhor Mello Franco, and he shared in the congratulations which were despatched to the Governments of Peru and Colombia from all quarters. The Council of the League of Nations, which was in session at Geneva when the news that agreement had been reached was made public, also felt entitled to congratulate itself on a settlement which had been reached as a result of its intervention and which proved that 'League methods' were still of some avail in a troubled world. Indeed, even though the bone of contention between Peru and Colombia was merely a remote South American village, the peaceful settlement of their dispute was considered with good reason to be a matter for general rejoicing; for in May 1934, when the future peace of the World was trembling in the balance, any victory won by the spirit of peace, however insignificant it might have seemed in happier times, acquired a symbolic importance as a favourable omen.

## PART IV

### THE FAR EAST

#### (i) Introductory Note

IN the region comprised in the Far East and the Pacific, a survey of international affairs in 1933, as in previous years, has three necessary aspects: first, a record of local international relations within the limits of the area; second, an account of the repercussions of these regional events upon the life of the World at large; and, third, some notice of the internal affairs of certain countries within the region, in so far as an appreciation of these domestic events may be indispensable for an understanding of the international affairs in which these countries are implicated.

In this year, as in previous years, the two countries whose internal histories come into question most prominently are China and Japan; but, as between the two, there is a significant change of emphasis. From an international standpoint, the internal affairs of China now recede into the background, and it is the internal life of Japan that now claims the major part of the observer's attention. The internal affairs of the Philippine Islands also demand attention, on account of their bearing upon the prospect of a loosening, or even a severance, of the existing ties between the Philippines and the United States; for this severance, if it eventually occurred, could hardly fail to have an important effect upon the balance of power in the Pacific.

In the field of regional international relations, Sino-Japanese hostilities and Russo-Japanese tension both still play a prominent part; but, in 1933, the importance of Sino-Japanese hostilities dwindles, for the time being, to vanishing-point after the armistice that follows the Japanese conquest of Jehol, whereas the Russo-Japanese tension threatens to break out into war. Moreover, in this field, Russo-American and Japanese-American relations begin, in 1933, to play a more important part. The establishment of diplomatic relations between the United States and the U.S.S.R., and the outbreak of competition in naval construction (albeit within the limits of existing treaties) between the United States and Japan, are two of the outstanding events of the year.

Finally, in the world-wide field, the year 1933 sees the effects of Japanese militancy ramifying far and wide, and this on the economic as well as on the military and political planes. On the political plane, the Sino-Japanese conflict in the Far East leads at last, at Geneva, to a formal condemnation of Japan as the aggressor—a verdict to

which Japan retorts by serving notice of intention to secede from the League. The Japanese pressure upon the U.S.S.R. in the Far East, reinforced by the hostile and menacing attitude of a National-Socialist Germany on the Soviet Union's opposite flank, creates such alarm in the minds of the statesmen at Moscow that they decide to give a new turn to their foreign policy—a change which has rapid and profound effects upon the whole international situation in Europe and in the Pacific alike. In the third place, the economic and financial straits of Japan, working together with the depreciation of the yen, in which this stringency is reflected, give both a stimulus to, and an opportunity for, Japanese industry to reap the reward of its admirable efficiency by flooding the World-market with Japanese textiles and other Japanese manufactures;<sup>1</sup> and this formidable Japanese economic offensive has important political consequences. The pressure of Japan upon Lancashire induces the Government of the United Kingdom to take defensive measures against Japan which they have previously refused to take in defence of the collective system of national and international security;<sup>2</sup> and the Governments of India and Italy,

<sup>1</sup> The already achieved efficiency of Japanese industry was, of course, the fundamental cause of the Japanese success in the World-market in these years. For many years past, Japanese industry had been perfecting itself by the strenuous exercise of a rare combination of intellectual and moral virtues: skill and energy and determination; methodicalness and foresight; and, above all, co-operation between the industrialists themselves and between industry and the Government. Without this long previous development, the stimulus and opportunity of the World Economic Depression would assuredly have been offered to Japanese industry without result. Stringency, depreciation, and low wages were not the cause of Japanese success, but only the occasion.

<sup>2</sup> It was one of the paradoxes of an age of transition that acts of economic war on the part of one state against another, of the kind envisaged in Article 16 of the Covenant as economic sanctions, were traditionally regarded as legitimate and warrantable, and therefore as not offensively unfriendly, so long as they were committed *bonâ fide* in pursuit of crude and unenlightened material self-interest. In these circumstances, one state could inflict even extreme economic injury upon another state with impunity, thanks to the established convention that such action, from such motives, was a matter of right which could not reasonably be resented. On the other hand, hostile economic action of this kind was widely believed, at the time, to involve the risk of war if it were taken on the grounds contemplated in Article 16 of the Covenant, because the new principle of international solidarity, on which the Covenant was based, had not yet been popularly apprehended and accepted, so that any action taken on the strength of it was still apt to be resented as offensively aggressive by the nation against whom it was directed, and deprecated as dangerously meddling by the constituents of the Government which was applying the sanctions. Objectively, of course, the Covenant was a new instrument for the pursuit of self-interest in the new circumstances of a World in which international solidarity had become the paramount objective fact; and the pursuit of self-interest through the collective system could not seriously be condemned on account of its being enlightened!

for whom the dangers of Japanese military, or even naval, aggression still remain remote, are awakened to a painful consciousness of Japanese militancy by the cries of distress which now begin to be heard from the cotton industry of Bombay and from the silk and rayon industry of Lombardy.

This sweeping Japanese offensive in the World-market, and the counter-measures provoked by it, are dealt with in another part of this volume.<sup>1</sup> The other matters touched upon in the present introductory note are all discussed, in greater detail, in one or other of the sections that here follow.

### (ii) Internal Developments in China and Japan

If the idea that the Western World could limit its attention to its own problems and ignore, or regard with merely academic interest, events in the other hemisphere, survived in any degree the disturbances in the Far East in 1931 and 1932, such an illusion must have been finally dispelled by the developments in 1933.

There was, it is true, in this year less clashing of arms and explosion of bombs, and the situation in Manchuria, on a short view of the facts, appeared to be settling down in the manner of *faits accomplis*. But though the storm-clouds did not discharge with the same violence locally as in the two preceding years, they spread over an increasingly wide horizon. Moscow and Tokyo, on the one side, were brought to a state of tension capable at any moment of developing into war, while the popular state of feeling between Japan and the United States deteriorated to a point at which there was some revival of the talk, current ten years before, of an impending Japanese-American conflict. In Japan itself the prevailing apprehension was reflected in the demands of public speakers for military preparations to meet 'the crisis of 1935-1936'; and there were indications from the Government of a determination to increase Japan's proportional armament in order to appease a growing sense of insecurity. An intensified competition from Japanese manufactures in international markets, and the reactions to this in the industrial centres of the West, helped further to darken the atmosphere in the Far East.

In the year 1933, China, which had latterly been the focus of attention in Far Eastern affairs, was pursuing a rather more detached course of her own. In 1933 the repercussions in China of Japan's *coup* in Manchuria were, for the most part, local and on a diminishing scale. This did not necessarily imply that the wound inflicted on China by the amputation of her four North-Eastern Provinces had

<sup>1</sup> Part I, section (ii) (h).

as yet even partially healed; but the effects of this wound on the life of the Chinese body politic were at any rate not strikingly apparent to the eye of an outside observer. The history of China in 1933 might indeed have followed almost the same course if the Manchurian crisis had never arisen; and those who expected to see political reintegration in China make a rapid advance under the stimulus of aggression from outside were disappointed in their hopes. If, beneath the surface, there were forces gathering strength which had not yet reacted on public affairs at the time of writing, the record of them must await their emergence on the political plane. The events of the year 1933 in China must, therefore, be viewed not so much in their immediate relation to the Far Eastern situation in its momentary shape as from the point of view of China's slow evolution into an 'organized state'—to use the description which was denied to the China of the day by Japan in the Manchurian controversy. China's record in this respect would seem to be the more important as it became increasingly clear that upon her ability to achieve unity and strength, and upon her speed in achieving it, might depend her immunity from further assaults on her sovereignty and territorial integrity.

China's internal conditions in 1933 were still mainly determined by the Central Government's relations with the various regional parties and individual chiefs. In Northern China the position was complicated by pressure from outside. Marshal Chang Hsueh-liang, Governor of Hopei Province—the key province in the North—had incurred the particular displeasure of the Japanese authorities when ruler of Manchuria, and this enmity had followed him to Peiping. At the same time he and his troops had been discredited in Chinese popular opinion by their pitiable collapse in the face of the Japanese attack in the autumn of 1931. When, therefore, fighting was resumed in Jehol and along the Hopei border early in 1933, 'the Young Marshal' was ill qualified either for putting himself at the head of a resistance to the Japanese and 'Manchukuo' troops or for negotiating terms of peace; and within a few days of the fall of Jehol city he resigned his post and retired to Shanghai *en route* for Europe. The breach was filled by Chiang Kai-shek taking temporary charge on the spot and appointing his War Minister Ho Ying-ch'ing to the command of the northern armies. Shortly after this, General Huang Fu, a former Minister for Foreign Affairs and *persona grata* to the Japanese, was sent to assist in the *pourparlers* for a truce, and in June he became chairman of the Peiping Political Council, in which capacity he remained in civil control of the northern area during the rest of the year.

So smooth a change-over in the Government at Peiping, with the unopposed appointment of Nanking's own nominees, marked a distinct advance from the state of affairs of a few years previously, even allowing for the fact that, without support from Nanking, no Chinese military commander would at this time have been likely to covet Peiping—unless he were ready to throw in his lot with 'Manchukuo' and Japan.

The authority of the Central Government was half-heartedly challenged later in the summer by the veteran rebel Fêng Yü-hsiang and one of his former Generals, Fang Chen-wu, who entered on minor 'anti-Japan' campaigns, against the orders of Nanking. The movements subsided for lack of support, and 'the Christian General' returned to his habitual asylum on the Sacred Mountain in Shantung. The ruler of that important province, General Han Fu-ch'u, continued loyal, though independent; and as other former recalcitrants, in particular Wu P'ei-fu and Governor Yen of Shansi, remained quiescent, the Northern *status quo* in general underwent little change throughout the year.

Meanwhile, from the South, the Central Government had to face first virulent criticism and later a revolution. The breach between Nanking and Canton, which had not been closed by the wave of patriotic feeling induced by Japanese aggression in 1931 and 1932, was now kept wide open by the hostility of the South-Western Political Council towards Chiang Kai-shek in person—a bitterness which was especially intense in the case of his former colleague and subsequent prisoner Hu Han-min, who was now residing in Hong-kong. Good individual relations between Chiang and the Canton military Governor-General Ch'en Ch'i-t'ang, cemented by financial assistance and by an accommodating attitude on the part of Nanking towards Canton's pretensions to local autonomy, served to prevent an open conflict. But, though the Canton Government itself refrained from positive separatist action, Nanking had to submit to public denunciation over the truce with Japan and the 'cotton and wheat' loan which was negotiated with the United States. It was Cantonese opposition also which prevented the holding of a National Congress of the Kuomintang, fixed for July, and thus blocked discussion of the next steps to be taken in the development of the government system in China, which for the time remained officially in a transitory stage. The regular plenary session of the Central Executive Committee, which was due to take place in November, was similarly postponed owing to the refusal of the Southern delegates to attend and to the outbreak of the revolution in Fukien.

The Fukien revolt was the work of a group of radicals of the Canton party, including Mr. Eugene Ch'en,<sup>1</sup> and of certain Kwangsi elements, with the military backing of the Nineteenth Route Army, which, after distinguishing itself in the Shanghai fighting of 1932, had been sent into Fukien to restore order and to wage war upon Communists on the Kiangsi border. The independence of Fukien and the formation of a People's Provisional Government under the chairmanship of General Li Ch'i-sen (formerly a Chief of the General Staff of the National Government) were proclaimed on the 20th and 21st November, and a manifesto was issued by the leaders announcing their opposition to the 'pro-Japanese group' (i.e. Chiang Kai-shek and Huang Fu), but dissociating themselves from the advocates of the alternative policy of co-operation with the League of Nations and with the United States, on the ground that this would lead to 'a system of international control hardly less obnoxious and hazardous than the implications of Chiang Kai-shek's pro-Japanese policy'. This was a reference particularly to the attitude of Mr. T. V. Soong, who was responsible for contracting the American loan and who had recently resigned from the Ministry of Finance owing partly at least to disagreement with Chiang's conciliatory policy towards Japan.

The revolutionary Government seized points of military advantage and forcibly took over Central Government functions such as that of the Salt Gabelle—thus openly challenging the forces of Nanking.

Chiang Kai-shek, who, after long preparation, was on the point of launching a general attack against the 'Red' area, was now compelled to divert his troops. The situation hung in the balance so long as it remained doubtful whether Canton would give military support to the movement or would assist in its suppression. Eventually Canton's neutrality enabled the Central Government to deal with the rebel forces without outside complications; and, largely through the superiority afforded by the air arm, which Nanking had been studiously developing and which was now used for the aerial bombardment of Foochow and other centres held by the enemy, the revolution was effectively crushed by January 1934.

In the outlying provinces and in 'Greater China' the work of political consolidation made no advance in 1933, Szechuan being occupied with wars between its own local commanders and with resisting the inroads of Communist forces entering from the east, while in Sinkiang, both to the north of the T'ien Shan and in Kashgaria, a turmoil of fighting, involving Chinese, Tungans, Turks, Kirghiz, and White Russians, left the Chinese authorities in the

<sup>1</sup> See the *Survey for 1932*, p. 412.



province—which, in any case, was almost entirely detached from Nanking—in a very precarious position.

Finally, in Inner Mongolia, events moved towards the establishment of local autonomy and possible separation from China. This movement, although ranking properly among Chinese internal developments, counted for much in connexion with the general problem of international rivalries in eastern Central Asia, where the spheres of Russia, Japan, and China met; and consequently it deserves rather close attention in this *Survey*.

By the incorporation of Jehol into 'Manchukuo', Inner Mongolia became divided into two roughly equal parts, the one in Chinese, the other in 'Manchukuo' territory—the latter portion being contiguous to the autonomous Mongol province of Hsingan<sup>1</sup> which had been created, under the Japanese régime, out of those territories of 'Manchukuo' which were inhabited by Mongols and had not yet been colonized by Chinese. The Mongols of Chinese Inner Mongolia thus found themselves with the virtually independent 'sovietized' state of Outer Mongolia on one flank, and, on the other, an autonomous Mongol province indirectly controlled by Japan, while they themselves remained under the government of China—an authority which was represented partly by the Bureau for Tibetan and Mongolian Affairs, a department of the Central Government at Nanking, and partly, and this perhaps more effectively, by the Governors and officials of the two provinces, Chahar and Suiyuan, into which this territory was divided.

The Mongol movement for independence which followed the Chinese Revolution of 1911 had made little headway in Inner Mongolia, whose tribal rulers, commonly referred to as 'princes', entertained a traditional jealousy towards the princes of Outer Mongolia (where the movement had taken deeper root), and whose economic relations with China placed them in a position of greater dependence on that country. In the course of time a number of the Inner Mongolian princes had compromised with the new Government of China by accepting, at its hands, the appointment to high administrative positions. Taking advantage of this situation, the Chinese authorities had for a number of years past pursued a vigorous policy of pioneer colonization and economic exploitation of Inner Mongolian territory, a large proportion of which had been converted from pasture to agriculture. The local Mongols resented this exploitation of their lands and the incursion of Chinese settlers, which they were powerless to check. At the beginning of 1933 conditions had been made worse

<sup>1</sup> See the *Survey for 1932*, p. 459.

by an epidemic of lawlessness throughout the borderlands, owing to the presence of homeless and disorganized Chinese troops who had been evicted from Manchuria.

Such was the state of affairs when in July 1933 a number of Inner Mongolian princes, led by Teh Wang, the head of the Silingor League, met in conference at Pai Ling Miao (*anglicè*: 'The Temple of the Larks', an important Lama monastery and junction of caravan routes in the province of Chahar), in order to draw up a plan of Inner Mongolian autonomy. From Pai Ling Miao a telegram was addressed to the Government at Nanking giving a list of complaints concerning the Chinese administration of Inner Mongolia and inviting the Central Government to collaborate with the signatories in creating an autonomous régime under Chinese sovereignty.

The Nanking Government responded by sending General Huang Shao-hsiung, the Minister of the Interior, with a staff of officials to Kweihua, a half-way house on the Peiping-Suiyuan Railway, in order to get into touch with the dissatisfied Mongol leaders, examine the situation, redress grievances, improve economic conditions, and 'strengthen the military defences'.

A special correspondent of *The New York Times* who visited Pai Ling Miao during the conference (and who describes in his despatches the curious concourse of princes in dragon robes, adorned with peacock feathers, consorting with Mongol students returned from abroad and arrayed in modern Western attire), reported little evidence of a desire among the leaders to break away wholly from China, their ambition being apparently to obtain for Inner Mongolia a control over its own affairs while remaining subject to Chinese sovereignty. Independence from China was only to be sought if China refused autonomy. On the 22nd November the Peiping correspondent of *The Manchester Guardian* reported that the Mongol princes, in their negotiations with General Huang, had agreed to accept a limited form of self-government; but the entire revenues of the territory were to be allocated to the local administration; encroachment by Chinese pioneers was to cease; and steps were to be taken by the Chinese authorities for the suppression of banditry. Three weeks later, on the 12th December, a report from Peiping to *The Times*, based on the Chinese press, stated that these terms had been repudiated by five of the Mongol princes at a second meeting held at Pankiang, north of Kalgan, and that this group of intransigents, led by Teh Wang, were now demanding absolute autonomy. In the meantime, General Huang, having returned to Peiping, informed press correspondents that, while the general principles of a settlement had been

reached, certain difficulties had arisen which were hindering progress.

Owing to the lack of unanimity among the Mongols themselves, the situation at the end of the year remained ambiguous; and although—to carry the story a stage farther—a scheme of autonomy for Inner Mongolia, apparently based on the principles accepted at Pai Ling Miao, was adopted by the Chinese Central Political Council in March 1934, opposition to its provisions on the part of some, at least, of the Inner Mongolian leaders continued to cause a deadlock.

The hand of Japan was not visibly apparent in the Inner Mongolian autonomy movement; but the connexion between this movement and the recent developments in Manchuria and Jehol was undoubtedly close. Not only were the Mongols of Inner Mongolia inevitably affected by the spectacle of the political freedom which was now enjoyed by the Mongol subjects of 'Manchukuo', but they were emboldened to challenge Chinese rule by their knowledge of recent military events on the Jehol border. 'Manchukuo'-Japanese troops had actually penetrated into Chahar province and occupied Dolonor during Feng Yü-hsiang's independent campaign,<sup>1</sup> and there could hardly be any doubt of their readiness to advance farther westward if a pretext offered itself. The Chinese authorities, both central and provincial, had, for their part, either to compromise with Mongol demands or risk a further clash with Japan. Japan, which had persistently claimed a 'special interest' in Inner Mongolia, could well wait for the situation to develop without direct interference, safe in the assurance that an independent Inner Mongolia would be irresistibly drawn to link its fortunes with those of its Mongol neighbours under 'Manchukuo' rule, and would thus become the spear-head of Japanese influence thrusting out into Central Asia along the flank of Russia.

The fortunes of Communism in China—a subject which has been dealt with at some length in the preceding volume<sup>2</sup>—underwent no very radical change in 1933. Information concerning conditions inside the 'Soviet bloc' was still extremely scanty, owing to the impassable barrier by which this territory was ringed round. The challenge to Government authority was serious enough to cause Chiang Kai-shek to devote himself through the greater part of the year to his operations against the 'Reds'; and for this purpose he established himself at army head-quarters at Nanchang, the capital of Kiangsi. Success depended on a co-ordination of attack from the north, south, and east: that is to say, on concerted action between Chiang's own armies, the Cantonese forces, and the semi-independent

<sup>1</sup> See p. 462 above.

<sup>2</sup> See the *Survey for 1932*, Part V, section (i).

Nineteenth Route Army which was stationed in Fukien under General Ch'en Ming-shu. After inconclusive fighting in the first half of the year on all three fronts, in the course of which the 'Reds' invaded both Kwangtung and Fukien and threatened the Treaty Port of Foochow, General Chiang arranged a general offensive for the autumn. Before this had time to develop, the trouble in Fukien, described above, began to brew; Canton held its hand; the Nineteenth Army revolted against Nanking (and was even suspected for a time of making common cause with the Communist forces); and the National Commander-in-Chief was compelled to divert troops to the Chekiang border to meet the Fukienese threat.

In the Kiangsi area the year thus ended in a virtual stalemate. Farther west, in Szechuan, the 'Red' epidemic, suppressed in 1932, again broke out both in the neighbourhood of the Yangtse and in the north-east of the province, where there were incursions from Shensi, the asylum of the 'Reds' from around Hankow whom Chiang Kai-shek had dislodged in his 1932 campaign.

For a summing-up of China's political state in 1933, the following passage may be quoted from an outspoken statement delivered by the President of the Executive Yuan, Mr. Wang Ching-wei, on his return from Europe:

China [Mr. Wang declared in conversation with press representatives] is still dominated by feudal militarism. The people enjoy, generally speaking, very few rights; they are still far from the constitutional period, suffering under the oppression of a predatory militarist régime. Even under the nose of the Japanese invasion, armed forces have been utilised for the purpose of settling internal differences; and, in the last fighting in Szechuan alone, between 40,000 and 50,000 casualties were suffered. And while the Central Government is getting stronger every day, it is yet unable to exercise the full force of its authority over the whole of the Republic, being in many parts hampered by the prevailing system of regional independence.

The picture of China's condition would be incomplete without some mention of the economic tendencies; for the interaction between political and economic development was particularly close in a country where the living conditions of the agricultural masses were intimately affected by the incidence of local wars, and by the presence or absence of soldiery and of their bandit counterparts, and where, conversely, it was the state of the peasantry themselves—their ever varying but never considerable distance from the borderline of starvation—which had more effect than any other factor in determining the strength of the Communist and anti-governmental movements.

Generalizations about economic conditions throughout China as a whole were notoriously unwise, but a student of the situation in 1933 could take advantage of the reports of two highly qualified foreign observers who investigated the position on the spot in this year. Sir Arthur Salter's<sup>1</sup> and Dr. Rajchman's<sup>2</sup> reports, together with the excellent surveys of conditions which were given, this year, in several of the annual reports issued by Chinese banks, made it possible to sketch the position in a few broad strokes.

The habitual poverty of the Chinese peasant sharpened in 1933 to a state of acute distress which was distinctly worse than that which the World Economic Depression had inflicted on the majority of agricultural populations. Sir Arthur Salter, in an analysis of the causes, considers that though, through the consequences of political unrest, there had been during recent years a steady deterioration of agrarian conditions in China, the immediate cause of disaster came largely, if not primarily, from the currency side, i.e. the appreciation of the Chinese dollar (a consequence, in part, of Great Britain's and America's abandonment of the gold standard), which depressed China's internal prices and dislocated her internal, as well as external, trade. Be the cause what it might, we are shown the Chinese farmer in 1933 producing at a loss, with his capital resources exhausted, credit unobtainable, and himself deeply sunk in debt. At the same time the Government had to continue the process of balancing their budgets by borrowing at an effective 10 per cent., while China's adverse trade balance, coupled with a reduction of the compensating remittances from Chinese settlers abroad, produced the unusual spectacle of silver flowing out of a country which had been, till recently, the greatest silver consumer.

An illustration of the combined effect of depressed internal prices and of transport paralysis, due to civil unrest and excessive taxation, is provided by the figures for China's import of cereals in 1933. In spite of the fact that, in districts that were normally within reach of the great centres of consumption, Chinese farmers were now unable to sell their stocks of grain, rice and wheat were imported into China to the value of 77,000,000 and 45,000,000 dollars respectively, and these were the largest two items in the whole list of imports.

Part of the wheat imported was brought to China under the Cotton

<sup>1</sup> Sir Arthur Salter's report to the Chinese Government in his capacity of Economic Adviser, dated February 1934. (See the Supplement to *The Economist* of the 19th May, 1934.)

<sup>2</sup> *Report of the Technical Agent of the Council on his mission in China* (League of Nations document, *General 1934.1.*).

and Wheat Loan agreement which was contracted in the United States by Mr. T. V. Soong when he was on his way to London to attend the World Economic Conference. This loan has an intrinsic interest as a type of international transaction of which the only previous example was the earlier Wheat Loan which had been arranged in 1931 in order to meet the emergency of the Yangtse flood disaster. The United States Reconstruction Finance Corporation arranged in favour of the Chinese Government a 'credit' in cotton, wheat, and flour, to the value of U.S. \$50,000,000 in all, to be shipped at the latter Government's discretion, the price of each shipment to be at current rates and payment to be made by means of three-year Government bonds. The Chinese Government were free to convert the shipments into immediate cash by selling the cargoes on arrival in China.

Actually the wheat was disposed of, but the market for cotton failed and the Chinese Government were obliged to ask for a reduction of the amount. The amount realized by the Government by means of this rather unusual transaction is reported to have been some 15,000,000 Chinese dollars (U.S. \$5,000,000), part of which was allotted to the work of the National Economic Council.

The general decline in agricultural conditions in China was shown, as Sir Arthur Salter observes in his report, by statistical records which were confirmed by the evidence of all local observers. It reflected the accumulated strain of a quarter of a century of political upheaval, but it was also aggravated by the profound disturbance of agrarian life throughout large areas which was the result of Communist control. This showed itself most acutely in the overthrow of the traditional land-tenure system. However defective a land-tenure system may be—and in many parts of China the prevailing methods were admittedly full of abuses—its sudden disorganization is always likely to have disastrous immediate effects. When, as in the case of the 'Red' areas in the Yangtse Valley provinces, the new Soviet system was abolished, in its turn, by the ejection of the Communists, confusion might become still worse confounded. In describing this situation, Dr. Rajchman observes that 'prolonged civil disturbance, the eviction of landowners by the Communists, and their return when the areas were recovered from the "Red" armies, produced a very difficult agrarian situation'. Speaking again of the provinces south of the river, he says that

the increasing poverty of the farmer, the spread of undesirable forms of landholding, the flight of capital from the countryside and the decline of rural enterprise were reflected in a growing tension and a demand in

some quarters for radical changes in the social system. Titles to land were in dispute; evidence of possession had been lost; part of the population was inclined to challenge the whole system of tenancy.

Such were the conditions which faced the Chinese central and provincial authorities over large parts of the country in 1933, and which led to the setting up of a Rural Rehabilitation Commission which comprised not only members of the Government but also eminent agriculturists and economists, and which was assisted by studies undertaken by League experts. By the end of 1933, however, the work of this new Commission had not proceeded beyond the stage of inquiry. Other reconstruction work, including the practical application of prepared schemes, was carried out during the year by the National Economic Council—also with the aid of League advisers—in the fields of communications (principally roads), health, cotton and silk cultivation, water conservancy, &c.—a sum of \$15,000,000, partly derived from the above-mentioned sale of the American wheat, being allotted to the purpose.

While indications of progress were thus not lacking, particularly on the economic side, it must be concluded that the consolidation of China made comparatively little advance in 1933 and that the country had hardly begun to emerge from its state of political vacuum. In the political, as in the physical, world, a vacuum invites pressures from outside and is dangerous in proportion as those pressures are strong. In 1933 China was exposed to high-pressure forces which were active all around her, and we may conveniently turn our attention next to the principal centre from which these forces emanated: that is to say, Japan.

In the account of conditions in Japan in the *Survey for 1932*, it was observed that, however arresting the political developments of the year might be, the economic developments were more fundamental. This remained true for 1933 also; and we may, therefore, begin by considering this aspect of Japan's domestic affairs in the latter year.

The earlier prognostications of a financial collapse in Japan in consequence of her Manchurian commitments and her heavy military expenditure, operating in conjunction with the World Economic Depression, were not fulfilled in the year 1933, at the close of which the financial position actually showed certain signs of improvement.

The unprecedented budget deficit for 1933–4<sup>1</sup> was met by borrowings without involving any substantial degree of inflation; foreign trade for the year showed a turnover exceeding that of the previous

<sup>1</sup> For details of this budget see the previous *Survey*, p. 430.

twelve months by nearly 100,000,000 yen; the balance of international payments was reckoned to be the most favourable since the Great War; foreign exchange and currency levels remained relatively steady; wholesale prices rose 20 per cent. but retail prices considerably less; unemployment, according to the official figures, showed a decline; business profits were good; export industries, which had not yet exhausted the benefit derived from the depreciation of the yen, flourished vigorously; and, in the field of domestic industries, railway development in Manchuria and the increase in armaments were reflected in the prosperity of the engineering and munition-manufacturing trades. Finally, an unusually heavy rice crop removed all fear of a national food shortage.

This was the hopeful side of the picture. Against it must be placed two major factors: the position in regard to the 1934-5 budget and the agrarian situation. With a balancing total of 2,110,000,000 yen, the new budget came near to rivalling its predecessor, being the second largest peace-time budget in Japanese history. The gap between revenue and expenditure amounted roughly to 800,000,000 yen as compared with 900,000,000 yen for the previous year. While there were other contributory causes, such as increased expenditure on rural relief and unemployment works, the abnormal dimensions of the budget were once again due principally to the demands of the fighting services and of Manchuria.<sup>1</sup> The aggregate of these items amounted to about 45 per cent. of the total expenditure and 68 per cent. of the ordinary revenue—a figure which was double that for 1931-2.

The budget was not presented to the Diet till after the close of the year. It was finally passed by that body on the 25th March, 1934; but the previous Cabinet discussions, as communicated to the public, have a greater practical interest than parliamentary debates which were little calculated to modify the plans of the effective directors of the Japanese body politic. Whatever impulses towards economy and retrenchment Mr. Takahashi may have felt in his capacity as guardian of the national finances, it is clear that the demands for the Army and Navy were never effectively opposed, though the Minister for Agriculture and Fisheries made determined efforts to obtain a grant for rural relief which would bear some reasonable relation to the needs of the situation. The real struggle was over the

<sup>1</sup> 'Manchurian Affairs' expenditure for 1934-5 was estimated at 159,000,000 yen as against 186,000,000 in 1933-4 and 288,000,000 in 1932-3, showing a progressive reduction; but the official figures were not sufficiently explicit to justify any certain conclusions as to the burden imposed on Japan's finances.



ratio between the Army and the Navy grant. Eventually the latter was increased, partly at the expense of the former,<sup>1</sup> the magnitude of the naval appropriation being explained on the ground that construction had fallen into arrears. At first sight, this partiality towards the Navy, when Japan's immediate war-problems lay on land rather than on the water, might appear anomalous to a foreign observer; but it is explained by the doctrine, then current in Japan, that the country had to prepare for 'the year of crisis' in 1936 which would follow the expiry of the Washington and London Naval Treaties; and this view was perhaps reinforced by the example of the Government at Washington in expanding the American naval construction programme.<sup>2</sup>

The agrarian situation in Japan, half of whose population at this date was engaged in, and dependent upon, agricultural activities, must still be reckoned the dominant influence in the Japanese national economy in spite of the spectacular development of Japan's industrial life in recent years. Even before Japan encountered the Depression in 1929, the condition of the peasantry was already a cause of concern, owing to a variety of causes: the severe pressure on the land, in respect of both acreage and productivity, the ill-adjusted relations between landowners and tenants, the excessive indebtedness of the farmers and their over-taxation. With the onset of the World Depression, the position became worse, and in 1932 and 1933 it deteriorated to an alarming degree. The price of rice and raw silk, the two principal staples, had fallen prodigiously, and, in the case of the former at least, was below the estimated cost of production. This was due to superabundance created by good crops and by the rapidly increasing importation of colonial rice grown in Korea and Formosa at an even lower cost than was possible in Japan—an unhappy result of the policy of empire self-sufficiency, with interesting analogies in British imperial problems in the agricultural sphere. The reduction of certain of the home industries by factory development, the return to the villages of a large proportion of the country peasant labour normally absorbed by the towns, and the blow to sericulture from the competition of rayon, added to the distress. The debt burden of the peasant, officially reckoned before the crisis at 280 yen a head, was now estimated to have reached 1,000. Government remedies, even within the limits imposed by lack of funds, had disappointing results, price control for rice proving, in particular, more beneficial to the middleman than to the farmer himself, whose

<sup>1</sup> The figures are: Army 449,000,000 yen, Navy 488,000,000 yen. Corresponding figures for the budget for the year 1933-4 were: Army 448,000,000, Navy 403,000,000.

<sup>2</sup> See pp. 541-2 below.

hand-to-mouth existence forced him into making immediate sales. The net result is illustrated in reports of investigations by the Ministry of Agriculture which give a picture of conditions in the worst stricken prefectures during the spring of 1933 as harassing in its details as the more familiar accounts of the great famines in China.

In the light of these conditions, affecting so large a proportion of Japan's population, her economic condition at the end of 1933 takes on a more serious appearance than a study of the trade and budget position alone would suggest. Contemporary Japanese critics did not hesitate to sound the warning that the continuance, for very much longer, of the financial strain imposed by the actual scale of expenditure would be more than the country could stand. The 1934 deficit was to be covered by further borrowing; and, although the Japanese public was stated to have bought bonds in 1933 to twice the amount required, it was recognized by Japanese bankers that this source of supply was nearing exhaustion and that the banks, in financing the Government, would find it increasingly difficult to pass the burden on to the public.<sup>1</sup> The point was put by Baron Goh, the President of the Tokyo Chamber of Commerce, in *The New York Times* of the 8th October, 1933:

The necessity of a balanced budget is one of the iron laws of finance. A sound financial policy is essential for the stabilization and steady development of our economy. . . . We must consider the effect upon general economic conditions of the continuance of the loan policy. The Bank of Japan's open market operations have up till now been remarkably successful, but there are limits to the market's capacity for absorbing loans. If the Government follows an unsound financial policy, the continued flotation of public loans will cause a heavy fall in their value. The currency will expand and inflation will become inevitable.

To this summing-up it is only necessary to add that, by the summer of 1934, Japan was carrying a load of internal debt half as great again as in 1930, and that the assets of Japanese banks and Government institutions were becoming locked up in Government bonds to an extent which might prove damaging if not dangerous.

Although, therefore, Japan could congratulate herself on emerging, with her financial structure intact, from a year which had been critical for all countries in the World, Japanese satisfaction on this account could not but be chastened in view of the threatening

<sup>1</sup> The fiscal year 1933-4 actually closed with a surplus of 77,000,000 yen compared with an original estimated deficit of 66,000,000 yen; and the loan expenditure programme was reduced by 166,000,000 yen compared with the sum contemplated in the budget. The situation regarding Government borrowing was thus appreciably alleviated.

features discernible in the sphere of national finance and, still more, in view of the very precarious conditions of existence in which the majority of the rural population at this time found themselves.

The repercussion, in the political sphere, of widespread economic distress took a form in Japan which was not unlike its manifestations in many of the countries of Europe. The term 'Fascism' was freely, if rather loosely, applied to the movement in Japan which was directed against politicians and industrial capitalists—the two being closely linked in the popular mind. Three months of the year 1933 were occupied with the trial of those concerned in the murder of Mr. Inukai.<sup>1</sup> The Procurator's report at the close of the proceedings contained a statement of the motives of the accused which was almost an apology for them. They believed, the report says, 'that only by drastic means can the corruption of political parties, the tyranny of financial concerns and the exploitation of the masses by privileged classes be rectified'. This was the key-note of the defence made by the prisoners, who were allowed such a degree of latitude in expounding their political creed that, as the correspondent of *The Times* observed, 'the broad result was an extensive publicity for the ideas that Parliament is decadent and politicians corrupt and that drastic reforms are needed'.<sup>2</sup> To conclude the history of the trial, it should be recorded that no death sentences were pronounced, that two of the naval officers principally involved were condemned by the court martial to fifteen years' imprisonment, three to ten years, and one to one year, and that the eleven cadets concerned were each sentenced to a term of four years. One million Japanese are said to have signed with blood a plea for clemency.<sup>3</sup>

It was characteristic of Japanese political philosophy that the proceedings at political murder trials should be so effective a mirror of the national state of mind. In some cases actual and attempted assassinations of leading persons in the political and financial world were represented by the perpetrators of the deed as impersonal gestures designed to propagate their political doctrines. Besides the attack on 'big business', on corrupt politicians, and on Communism, these doctrines included the repudiation of Japan's acceptance of the restrictions imposed by the Naval Treaties; and the ex-Prime Minister, Baron Wakatsuki, who upheld the London Treaty, was the

<sup>1</sup> See the *Survey for 1932*, p. 426.

<sup>2</sup> *The Times*, 12th September, 1933.

<sup>3</sup> Civilian prisoners were tried in the Civil Court which issued verdicts in February 1934, including a life sentence on Tachibana, the head of the patriotic agrarian school. The differences between these and the courts martial sentences evoked criticism.

latest target of the assassin's knife, though in this case the assailant was merely an ordinary hooligan. Between the military element who stood at the head of the campaign of internal 'purification' and external imperialism, and the regular political parties with their connexions in the industrial world, a veiled conflict was in progress in 1933 which was reflected in Cabinet crises arising during the year. The 'national' Government was endangered in April by the threatened resignation of Mr. Takahashi, the octogenarian Minister of Finance, and the actual resignation of the Minister of Justice, at a time when the Seiyukai Party was manœuvring for a return to power. Acting with the support, if not at the instigation, of Prince Saionji (the sole survivor of the Elder Statesmen, who was still credited with having the highest influence on the Throne), Viscount Saito, the Prime Minister, took the unusual step of advising the Emperor against the acceptance of Mr. Koyama's resignation. When subsequently Mr. Takahashi was persuaded to remain in office, the Cabinet's life was saved. A plan during the summer to dispose of the leaders of the rival parties by bringing them into the Cabinet fold as ministers without portfolio fell through, and prognostications, based on the avowed desires of the military officers, of a super-party Government to be headed by a non-party statesman on the pre-War German model, proved to be at all events premature.

In the autumn of 1933 the fate of the Cabinet again hung in the balance when the Army and Navy estimates came up for discussion. A long series of conferences between the Prime Minister, the heads of the two departments, and the Foreign and Finance Ministers was needed before a compromise could be reached and the situation restored; but, after this, things went more smoothly until the end of the year. The Diet, having risen in March, remained in recess during the rest of the year except for a formal assembly in advance of the January session. Towards the end of the year, also, the leaders of the two principal parties, the Seiyukai and Minseitō, formed a political union.

Although the year passed thus without political disturbances of any unusual kind, tension beneath the surface frequently made itself evident. A Japanese view of the real situation is expressed in a phrase quoted by *The Manchester Guardian* from a popular Tokyo journal in a discussion of Japanese Fascism:

While the Saitō Ministry is, naturally enough, doing its best to repress the Communists, it is in the position of a man who has driven a wolf from his front gate only to find a tiger has entered at the back.<sup>1</sup>

<sup>1</sup> *The Manchester Guardian*, 13th April, 1933.

That General Araki had it easily in his power to set up a pure military dictatorship after the incidents of the 15th May, 1932,<sup>1</sup> was a widely professed belief. The corollary was that he and his military colleagues found it unnecessary to create a change in the outward form of authority in order to have the real substance in their hands; and that in actual fact it was the so-called military party (a too narrow description, perhaps, of a movement with so wide a range) which, with Imperial sanction, mainly directed Japan's affairs through 1933.

The economico-military policy of the military faction was shown in the attempt to cut at the roots of capitalist control over the South Manchurian Railway and its industrial subsidiaries by transferring the management of the former to the local Military Command and by enforcing the sale of the latter—with the ultimate intention of subordinating Manchurian development to the supposed interests of the Japanese nation as a whole, rather than to the interests of the capitalist class. Here, however, their rough-shod methods evoked a considerable amount of popular opposition, while in other directions also there were signs in the course of the year of a reaction against the 'military' doctrines both in home and in foreign affairs. Whereas, in the previous year, it would have been suicidal for a statesman to open his mouth in defence of the Naval Treaties or in criticism of the campaign for increased armaments, a good deal of frank questioning was risked by prominent speakers when these matters were under discussion in 1933. The attack on Baron Wakatsuki has been mentioned above; but it has to be added that he had already won considerable approval for his outspoken dismissal, as a 'bogy', of the constantly reiterated suggestion that Japan would have to meet a serious international crisis in 1936.

Increasing boldness in challenging 'Fascist' domination was shown also by the Government in its action in July in raiding the headquarters of several of the so-called patriotic societies and making a number of arrests in connexion with a reported Fascist *coup* and assassination plot. This was followed shortly by the arrest of six members of the Imperial Farmers' League on similar charges; and although the mildness of the sentences subsequently passed on Mr. Inukai's assassins, together with the procrastination in the trial of the murderers of his fellow political victims, Mr. Inouye and Baron Dan, showed that the Government were still far from taking a firm grasp of the nettle, it was equally clear that a reaction had occurred from the dictatorship of the extremists. Meanwhile, the customary attempts to deal with Communism by wholesale arrests continued,

<sup>1</sup> See the *Survey for 1932*, p. 426.

nearly 2,000 persons (against 7,000 in 1932) being taken into custody during the course of the year. Prominent among these, there were, according to newspaper reports, several Peers' sons and a number of students of the Peers' school—an indication, together with the fact that there was a large proportion of schoolmasters among the arrested, of the tendency of the Communist movement to spread upwards among the intellectual classes.

A change to more moderate methods was equally apparent in the handling of foreign relations. With the appointment of Mr. Hirota, previously Ambassador in Moscow, to succeed Count Uchida as Foreign Minister on the 14th September, a tone of conciliation was imported into public speeches and statements dealing with foreign affairs, particularly in the case of Japan's relations with Russia and with the United States, and a manifest attempt was made to improve the international 'atmosphere'. More tangible in its results was the Government's action in regard to the growing problem of competition between cheaply produced Japanese manufactures and the wares of other industrial countries in the World-market. The attitude of Japan towards the complaints of the sufferers had been, in general, one of cool detachment towards a state of affairs which (it was maintained, with some justice) had resulted from Japan's success in organizing her industries; and an almost truculent note had been struck in a speech at the beginning of the year by the Minister of Finance. Referring to Japan's trade and currency situation, Mr. Takahashi remarked that 'the Japanese people are waging economic war, with labour as their chief weapon'. The rapid strides made by Japanese exports, cotton goods in particular, in the home and colonial markets of other manufacturing nations led, in a number of the territories concerned, to the setting-up of tariff and quota barriers directed against the influx of Japanese goods. India was an outstanding case. A tariff of 50 per cent. *ad valorem* on imported piece-goods, with 25 per cent. preference for those from Great Britain, was raised to 75 per cent. in June 1933. Strong feeling against this restrictive measure was manifested in Japan, and a retaliatory boycott of Indian raw cotton was started by the Japanese cotton-spinners. At this juncture the Government took up a stand in favour of compromise. Official disapproval of the boycott, and an emphatic denial of any intention to take reprisals on Indian or British imports, opened the way to negotiations between Tokyo and Delhi; and a conference between Government representatives was held at Simla in October, simultaneously with tripartite conversations between non-official delegates of the three countries concerned. The official negotiations lasted into

the following January, when an agreement was achieved on the basis of relative quotas for the importation of Japanese cotton piece-goods into India and of Indian raw cotton into Japan, while the Indian tariff was put back to 50 per cent. During the three months of discussions it was apparent that the ultra-nationalistic industrial elements in Japan were receiving no support from the Government, whose actions accorded with their declared desire to find diplomatic solutions for the range of problems created by Japan's abnormal industrial expansion. A comprehensive avowal of a pacific policy was made in a statement which was issued by the Government after the series of Cabinet conferences that have been mentioned as having taken place towards the end of the year. Besides discussing the budget, the Ministers had met to formulate a policy for 'the period of national emergency'. Their conclusions were given in a formula which deserves record, if only as a model of studied official vagueness:

Japan's 'national policy' [the statement declared] will be pursued by diplomatic means, having regard to world peace. The national defences shall be sufficient to make the empire secure against injury or indignity, and commensurate with national strength.

### (iii) The Course of the Sino-Japanese Hostilities

As we have seen in a previous section, it was a politically distracted and economically tormented China which in 1933 had to face the continuation of the military drama which had opened with the Japanese invasion of Manchuria in the autumn of 1931. At the beginning of this year it was clear that at least one other act remained to be played before the curtain would fall. The scene of this act was to be Jehol, a wedge of mountainous country which occupied the angle between Hopei, the northernmost province of intramural China, and the three eastern provinces in Manchuria which were already under Japanese occupation. Jehol was part of Inner Mongolia; it was still inhabited largely by Mongols; and it was only in 1928 that it had been brought into the Chinese administrative system with the status of an ordinary province.

Already, in July and August 1932, Jehol had been drawn into the sphere of hostilities by Japanese bombing raids over its eastern border and by minor encounters between Japanese troops and those of Tang Yu-lin, the Provincial Governor. The Japanese attitude was expressed in a declaration of the Japanese Assessor attached to the Lytton Commission, when he said that while the maintenance of order in Jehol was 'a matter of internal policy for Manchukuo, Japan' could not 'be indifferent to the situation in that region in view of the

important rôle played by Japan in the maintenance of peace in Manchuria and Mongolia'.<sup>1</sup>

The reaffirmation of Japan's long-standing claim to a 'special interest' in Mongolia, and intimation that the preservation of order in Jehol was considered to rest with the rulers in Manchuria, was later amplified into a definite assertion that Jehol formed an integral part of the new state. Governor Tang appeared at first to accept this position, allowing himself to be appointed Vice-Chairman of the Manchukuo Privy Council. When at the end of 1932 he repudiated his allegiance to the Government at Hsinking, he was called upon by the Japanese to resign his Governorship. At the same time a demand was made on Nanking for the withdrawal of all Chinese troops from the Jehol territory.

The fate of Jehol depended, however, on factors that were more fundamental than mere formal and personal changes. The issue was essentially strategic, and this from three points of view. In the first place, Jehol was of vital importance in the Japanese strategic problem of defending the newly erected state of 'Manchukuo'. Projecting, as it did, along 'Manchukuo's' flank, Jehol constituted, in hostile hands, a dangerous salient through which an attack could be delivered, from the south and west, against the Manchurian territories under Japanese occupation. Conversely, if it were to come under the control of Japan, Jehol would open up a corridor into Inner and Outer Mongolia and so onwards into the heart of Asia, right along the flank of the Asiatic territories of the U.S.S.R. Finally, the possession of Jehol would offer the Japanese an exceedingly strong point of vantage for holding Peiping and the North China plain under a perpetual threat. Taking account of Japan's strategic purpose in her continental adventure—a purpose which was perhaps the main-spring of her 1931 *coup*—it was never a matter for doubt that she would press on to the inclusion of Jehol within her sphere of control. Since her breach with the League of Nations, the deterrent of a hostile world opinion had largely lost whatever effect it might once have had. In any case, the penalty of moral condemnation might as well be incurred—so Tokyo could argue—for a sheep as for a lamb.

With such considerations as these in the mental background, the military struggle took place in Jehol in the first months of the year 1933. As has already been mentioned, an ultimatum was addressed both to the authorities on the spot and to the Government at Nanking. This was supplemented by a warning given on the 2nd February, in a statement made by the Minister of War in the Japanese Diet, that,

<sup>1</sup> *Lytton Report*, p. 81.



for the purpose of suppressing banditry in Jehol, use would be made of Kwantung and 'Manchukuo' troops. Before the end of January these troops were over the border, making use of the short length of railway which ran into Jehol to connect the Peiping-Mukden line with the coal-mines of Peipiao.

Meanwhile, in order to inspect the military position and the arrangements for resisting invasion, Mr. T. V. Soong, then Minister of Finance in the Government at Nanking, paid a visit to the north. His views on the chaos and lack of preparation which he there found to exist were reported to have been expressed in such scathing terms<sup>1</sup> as to leave less room for surprise when, in spite of the great difficulties presented by the nature of the country—for the most part a broken mountain region, almost devoid of roads and approachable only by a few difficult passes—the Japanese-'Manchukuo' army made rapid progress (partly through the effective use of armoured cars). Within ten days from the beginning of operations the Chinese garrison had abandoned Cheng-teh—the administrative capital of Jehol and formerly the summer residence of the Manchu Emperors<sup>2</sup>—and were in retreat towards the border between Jehol and Hopei.

The way was now free for the invading troops to push down to the line of the Great Wall. Here they occupied all the passes with the exception of two, which were left open to facilitate the exit of the Chinese forces. The resistance offered by the latter—who were estimated to amount, at that time, to 125,000 men—was so poor as to give rise to the suspicion that they were acting under orders to avoid a serious conflict. With the withdrawal of the Chinese, Jehol passed into the hands of the 'Manchukuo' authorities; the administration was reorganized; and General Chang Hai-peng was appointed in the place of ex-Governor Tang.

The Jehol campaign, which thus lasted little more than a fortnight, occupied an interlude in a separate series of hostilities on the 'Manchukuo'-Hopei frontier which had continued sporadically since Chang Hsüeh-liang's army had been driven south of the wall in January 1932.

The open tongue of territory between Jehol and the sea, a strip of level country traversed by the Peiping-Mukden railway and separating the mountains from the coast, presented another strategic problem to the new rulers of 'Manchukuo'. In order to guard the gap in their defences, they set about establishing a neutralized zone

<sup>1</sup> See 'China in 1933—a brief record' in *Oriental Affairs*, vol. i, No. 2, for January 1934, p. 13.

<sup>2</sup> Wherein 1793 the Emperor Ch'ien Lung received the first British Embassy to China, headed by Lord Macartney.

on the farther side of the frontier. A series of frontier-post disputes in the first days of January was followed by a Japanese attack on Shanhaikwan, the frontier town of intramural China at the point where the Great Wall ends at the sea. At the same time an outflanking advance was made through a neighbouring pass, whereupon the Chinese, having evacuated Shanhaikwan, retired towards the west. With their withdrawal, military operations came to an end until the beginning of April, when a fresh advance was made by the Japanese-*'Manchukuo'* troops. In the face of this, the Chinese retired once more—this time, across the Lwan River which, flowing down, as it did, from Jehol and entering the sea midway between Shanhaikwan and Tientsin, afforded a first-class line of defence. Fighting was resumed simultaneously at the passes along the Great Wall nearer to Peiping, and Japanese aeroplanes dropped bombs on Tungchow, less than twenty miles from that city. Still farther west Japanese troops entered Dolonor, a town of Chahar, the Inner Mongolian province adjoining Jehol.

Having cleared the desired zone on the south-western side of the Great Wall, and having made a threatening gesture in the direction of Peiping, the Japanese leaders halted their troops. They then almost immediately withdrew to the farther side of the Wall, after giving a warning that any Chinese forces which ventured inside the covering zone would be subjected to attack. In the following month of May the Japanese-*'Manchukuo'* forces moved forward for a third time, on the ground that Chinese troops had been stationed within the zone. On this occasion they advanced all the way to the Lwan River, and at the same time repeated their demonstration against Peiping by an incursion of Japanese cavalry, who pushed forward to within a few miles of Tungchow.

In the face of this fresh threat, Chinese resistance collapsed and the leaders agreed to an armistice. On the 31st May a truce was concluded at Tangku over the signatures of General Okamura and General Hsu Yen-mo, who represented the authorities at Peiping. The terms, as reported in the press, provided that the Chinese troops were to withdraw and to remain behind a line drawn to the south of, and roughly parallel to, the Great Wall from the sea to a point north of Peiping. They were also to abstain from provocative or disturbing acts. The Japanese troops were to be free to verify the observance of this undertaking by means of air observation or other methods. Thereafter the Japanese troops were to refrain from further pursuit and were to withdraw to the Great Wall. Finally, the maintenance of peace and order in the zone, some thirty to forty miles wide,

between the Wall and the stipulated line, was to be ensured by the Chinese authorities through the instrumentality of police only, without the presence of any military forces.

The terms of the truce, as communicated to the public, contained no mention of the immediate outstanding issue between 'Manchukuo' and China, namely, the question of customs establishments and the resumption of traffic across the frontier (that is to say, railway connexion along the Peiping-Mukden line and postal traffic, both of which were suspended); nor were questions of political status or diplomatic relations included. It was, however, asserted at once in certain Chinese quarters, and particularly in Canton, that secret terms had been added, dealing not only with frontier matters but with such vital affairs as a cessation of the boycott on the Chinese side and the surrender of extraterritorial rights on the part of Japan, and even including suggestions—to quote from a protest addressed to the League of Nations by the South-West Political Council—for Sino-Japanese treaties for the maintenance of an 'Asiatic Monroe Doctrine'.

Opposition to the truce, and a determination to continue the resistance to Japan, underlay also the independent campaigns conducted by Fêng Yü-hsiang in Chahar and by Fang Chen-wu in the neutral zone. These unofficial anti-Japanese movements delayed the withdrawal of the Japanese troops under the terms of the truce, and it was not until August, when Fêng had been superseded and had retired to Shantung, that they retired on their part to the north of the Great Wall. Thereafter the military situation remained without further development during the rest of the year.

The resumption of communications between 'Manchukuo' and China, which remained the most pressing of the outstanding practical questions, presented peculiar difficulties for the Chinese, since any formal agreement on the subject would imply recognition of the newly created state. No result ensued from a conference on the subject which took place at Shanhaikwan in the month of August. Soon afterwards, however, a connected service of trains from Peiping to Shanhaikwan on the one side and from Mukden to Shanhaikwan on the other was put into operation. The postal service remained, as before, in suspense.<sup>1</sup>

<sup>1</sup> Arrangements were finally concluded in June 1934 for the resumption of through traffic between Mukden and Peiping under the management of a Sino-Japanese travel agency organized for the purpose, with a Chinese General Manager and a Japanese Assistant Manager. A customs examination was instituted at Shanhaikwan. The service opened on the 1st July, 1934, and at that date postal traffic had still not been resumed.

While the invasion of Jehol was in a sense simply the logical 'rounding-off' of Japan's Manchurian campaign, it left its own far-reaching results. Those of a strategic nature have been indicated already. A gap in 'Manchukuo's' southern defences had been closed, and Japan had opened for herself a high-road into Central Asia which would give her a base of operations against Russia's long and vulnerable Siberian frontier on the one hand, and against intramural China on the other. China, for her part, found herself once more under the shadow of a threat from the northern passes, through which so many invading hordes had poured in the course of her long history. Economically, the loss or gain of Jehol meant little for either party. The province was unproductive, except for the coal from the Peipiao mines in the extreme east, and the opium, from which an annual revenue (estimated at \$10,000,000 a year) had formerly found its way into the pockets of the local authorities. This opium revenue would henceforth enrich the treasury of 'Manchukuo' if, as appeared to be the case, the new administration continued to tolerate the cultivation and the traffic. The most important political consequence was the step taken towards the creation of a Mongolian 'block' comprising the Mongols of Western Manchuria, of Jehol, and of the rest of Inner Mongolia.

On Sino-Japanese relations, the capture of Jehol and the further defeats inflicted on the Chinese military forces had a twofold effect. In the face of this fresh display of Japanese militancy, the Nanking Government—in whose counsels the Commander-in-Chief still manifestly held the casting vote—took the line of least resistance and compromised with Japan by setting up at Peiping a régime with Japanese affiliations which, at least within certain limits, would be amenable to Japanese influence. Japanese official and semi-official representatives maintained active diplomatic contact with the authorities both in the north and at the centre, and it became clear that those in power at Nanking had decided to accommodate themselves to the facts of the situation and might even prove responsive to suggestions for Sino-Japanese co-operation in China's internal affairs.

Against this complaisant attitude on the part of the central authorities has to be set the reaction of other elements in China. Mention has been made of the Cantonese attack on the Nanking Government over the Tangku truce, and of the 'anti-Japan' campaigns of certain free-lance commanders. These movements were representative of a state of feeling which, though centred in the always intransigent South, had its manifestations in other parts of

the country, and which crystallized round the persons of Mr. T. V. Soong and his colleague Lo Wen-kan, the Minister for Foreign Affairs, whose resignations from office were largely a gesture of protest against the submissiveness of Nanking. Popular opinion in China was less easy to gauge. Its expression in the Press over the Manchurian issue was divided, some writers favouring a temporary acceptance of accomplished facts, combined with an organized effort to set the national house in order, while others favoured resistance at all costs. Another index of general feeling was afforded by the boycott movement. While this had still been active in the South at the beginning of 1933, it showed a marked relaxation in the latter half of the year. This, however, might be partly explained by economic causes; and while it possibly indicated a certain superficial decline in the intensity of the popular resentment in China which the action of Japan had evoked, there was evidence still of a degree of rooted hostility which seemed likely to be a factor of capital importance in the future course of international relations in the Far East.

#### (iv) The Action of the League of Nations

In the preceding volume the history of the world-wide diplomatic repercussions of the Sino-Japanese collision in Manchuria and at Shanghai has been carried down to the eve of the 21st November, 1932: the final date fixed for the first of the meetings in which the Council of the League of Nations, in the course of its sixty-ninth session, was to consider the Lytton Report. In the present chapter the history of the next stage in the relations between the League on the one side, and Japan and China on the other, is carried down to the close of the year 1933, while subsequent chapters deal with the repercussion of these events at Geneva and in the Far East upon the policies of the U.S.S.R. and the United States.

The publication of the Lytton Report on the 2nd October, 1932, gave occasion for a further series of *ex parte* statements on the part of the two disputants. Written observations of the Japanese Government on the report were presented to the President of the League Council, for circulation, on the 18th November;<sup>1</sup> written comments on these Japanese observations were submitted by the Chinese delegation on the 3rd December;<sup>2</sup> and oral repetitions of the same controversial arguments were made by the Japanese and Chinese representatives at the opening of the proceedings in the Council in November, and again in the Assembly in December 1932 and in

<sup>1</sup> League of Nations Document: *VII. Political. 1932. VII. 15.*

<sup>2</sup> League of Nations Document: *VII. Political. 1932. VII. 16.*

February 1933. Since these oral and written statements of the two parties' respective cases were admittedly partisan recapitulations of past events—of which some account has already been given, in this *Survey*, in the volumes covering the years 1931 and 1932—it seems unnecessary to reproduce them here. Their chief practical effect was to reveal, at an early stage, that the Japanese had no intention of accepting the essential points of the Lytton Report, either on matters of fact or in the matter of the Commission's recommendations for a possible solution of the Manchurian problem. Accordingly, we may pass over these statements and may proceed forthwith to record the action taken, from the 21st November, 1932, onwards, by the organs of the League, and the answering action of the Chinese and Japanese Governments.

At the session of the Council in November 1932, after the opening statements had been made, the first clash between the Council and the Japanese delegation came when, at the meeting on the morning of the 23rd, the Japanese delegate took exception to a proposal, made by the President, Mr. de Valera (Irish Free State), that the members of the Lytton Commission should be invited to say whether the Chinese and Japanese 'observations and statements would cause the Commission to think that the views expressed in its report should be modified or added to in any way'. Mr. Matsuoka argued that the Commission had automatically ceased to exist, upon the presentation of its report, and that in any case any expression of opinion, referring to things said, in the meantime, at the Council table, would be beyond the Commission's competence. In this matter the Japanese delegate found himself isolated and overruled; and, after an argument which occupied the greater part of one sitting, Lord Lytton was duly called to the Council table on the 25th November—only to announce that, as it happened, he and his colleagues did not wish to add anything to what they had said in their report.

Thereupon Dr. Beneš (Czechoslovakia) proposed that the consideration of the Lytton Report should be referred to the Assembly, which had been convened under Article 15 of the Covenant and was competent to deal with the matter as a whole.<sup>1</sup> The President of the Council adopted this proposal and the Chinese delegate concurred, while the Japanese delegate demurred, and asked for time to obtain instructions from Tokyo. In the colloquy on the Council on this

<sup>1</sup> For the reference of the Sino-Japanese dispute by the Council to the Assembly, on the 19th February, 1932, at the Chinese Government's request, and for the proceedings of the Assembly upon its meeting, in special session, on the 3rd March, 1932, see the *Survey for 1932*, pp. 570-86.

point, Mr. de Valera exhorted the parties earnestly in the following terms:

When listening to the representatives of China and Japan, I sought chiefly, as I am sure all members of the Council did, to find in their speeches something that would justify us in looking with some confidence for a satisfactory and speedy settlement of a conflict that has been going on too long. I am afraid we have heard little so far to inspire us with any confident expectations. . . .

In these circumstances, there does not seem to me to be at present any measure of agreement between the two parties on the recommendations made in the report upon which the Council might base any observations or suggestions likely to be of practical assistance to the Assembly in determining the lines of the settlement which it is that body's duty to effect.

As President of the Council, I feel bound to express the hope that the views which we have heard stated here by the representatives of China and Japan within the last few days do not represent the final attitudes of their respective Governments, and that no solution will be rejected which offers the possibility of a just and permanent settlement of this tragic dispute.

I feel that I am speaking now, not only for the Council, but for the great body of public opinion in the outside world. It is to the revulsion of public opinion which followed the War that we owe this League and the machinery which the League provides for settling pacifically disputes such as that now before us. It would be an intolerable defiance of public opinion if in a dispute such as this, especially one involving two Members of the League of the importance of China and Japan, that machinery were not availed of to the full, or if the working of that machinery were impeded by any want of the necessary co-operation on the part of one of the states concerned.

In answer, Mr. Matsuoka declared that

Japan is convinced that the only way to assure the establishment of durable peace in the Far East is to pursue consistently the policy that actuated Japan in according formal recognition to the new state of Manchukuo. This is the only and the surest way to realize the high hope of peace entertained by all.

On the 28th November the President read to the Council a letter from Mr. Matsuoka, dated the 27th, announcing that the Japanese Government maintained 'the reservation which it' had 'made on more than one occasion with regard to Article 15 of the Covenant, and that for this reason' he—Mr. Matsuoka—would 'have to abstain from voting in the matter'. Thereupon, the President's proposal to transmit the Lytton Report, and the minutes of the Council's meetings, to the Assembly was adopted by the Council, with the Japanese delegate abstaining, as he had been instructed.

Accordingly, on the 28th November, 1932, the Assembly was

convened—to resume the special session which had begun on the 3rd March—by its President, Monsieur Hymans (Belgium); and the first meeting of the resumed special session was held on the 6th December.

On this occasion the Chinese delegate, Dr. Yen, who spoke first, submitted the following requests:

(1) That the special Assembly, basing on the findings of the Commission of Enquiry, declare that Japan has violated the Covenant of the League of Nations, the Pact of Paris and the Nine-Power Treaty of Washington;

(2) That the special Assembly call upon Japan to put into execution forthwith the Council resolutions of the 30th September and the 10th December, 1931, so that all Japanese troops will be withdrawn into the so-called Railway Zone, pending further withdrawal therefrom, and the so-called Manchukuo Government will be dissolved;

(3) That the special Assembly, pending the dissolution of the so-called Manchukuo Government and recalling its own resolution of the 11th March, 1932, wherein it pledged itself not to recognize any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris, declare that it will not recognize the said 'Manchukuo Government' and will not enter into any relations therewith;

(4) That the special Assembly make and publish before a definite date and within the shortest possible time a report for the final settlement of the dispute as prescribed in Article 15, paragraph 4, of the Covenant of the League of Nations.

The Japanese delegate, Mr. Matsuoka, who spoke second, submitted for his part that any suggestions that the Assembly might decide to put forward should be governed by the following principles:

(1) The terms must be such that they can be effectively put into operation, and that they will accomplish and preserve peace in the Far East.

(2) A solution must be found for the disordered condition of China.

(3) In case any plan for settlement is found by the League, this organization must take upon itself the responsibilities for its execution.

Mr. Matsuoka followed up this submission, first with a challenge to the States Members of the League, and then with an intimation of a way in which the League might 'save its face'. 'Considering the actual condition in China', he observed, 'the execution' was one that was 'likely to be costly, and the League should have both the will and the means to make the necessary sacrifices'. Was 'any Member of the League ready to participate with others in such an undertaking?' He went on to suggest that, in having prevented open war between China and Japan, the League had already 'fulfilled the high object of its existence'; and he dismissed, as 'entirely groundless', 'the apprehension entertained in some quarters' (e.g. among the



lesser States Members) 'that the present case might lead to weakening or even undermining the principles of the Covenant'. He submitted that 'the exceptional nature of the present case' made 'it plain that you' could 'hardly apply to it those principles by generalization'; and that 'the Japanese actions' did not 'militate against the Pact of Paris, or against any other treaties'.

This argument did not appeal to the representatives of the lesser states, as was made abundantly clear, in the next phase of the debate, in the successive speeches of Mr. Connolly (Irish Free State), Dr. Beneš (Czechoslovakia), Monsieur Undén (Sweden), Monsieur Lange (Norway), Señor de Madariaga (Spain), Monsieur Motta (Switzerland), Monsieur Politis (Greece), Señor Matos (Guatemala), and Señor Buero (Uruguay), with whom Monsieur Moresco (Netherlands) and Monsieur Borberg (Denmark) subsequently associated themselves.

One after another, these spokesmen of the smaller countries affirmed, in contradiction to Mr. Matsuoka's thesis, that an oecumenical issue was at stake in the handling of the Far Eastern conflict at Geneva. As Mr. Connolly put the point, 'the wider question of peace or war in the Far East, with potential and . . . inevitable repercussions on world peace', was 'linked up with the decisions that' would 'be reached on this question'. As Monsieur Undén put it, 'the cause of peace is one and indivisible'. The same point was put by Señor Buero in the form of a question.

If, in justification of what is happening in the Far East, the peculiar position of those distant countries of Asia is adduced as exempting them from the strict application of treaty law, on which the Covenant, and especially Article 10, is based, what will be the position to-morrow when countries in other continents equally distant from Europe are compelled to ask the League for assistance?

'Fortunately', the Uruguayan representative added, 'the League, up to the present at least', had 'opposed any such discrimination with all its power'.

Taking this view, these speakers naturally went on to declare that, in their opinion, the Far Eastern case was an 'acid test' of the Covenant.

If [declared Mr. Connolly] the League falters or hesitates, fearing lest by its action it may offend, then, as an organization built up by moral support of what is right, it will not survive and, in my opinion, will not deserve to survive. . . .

We of the smaller states are vitally concerned to ensure that the principles embodied in the League Covenant are steadfastly maintained. Let there be no mistake—if the moral force of the League is broken on this issue, then the League as at present constituted cannot survive, and the worst cynicism of the League's critics will have been justified. . . .

If the League mean anything, or is going to mean anything, its responsibility for peace and justice must be constant and continuous, and, in the present issue, it is, I feel, facing a supreme test.

The same view was expressed forcibly by Dr. Beneš.

The League will emerge from this test greater and stronger and will inspire confidence, if we succeed in finding a worthy solution of the problem. Otherwise it will wend its way towards a period of weakness, disillusionment and scepticism, and thus one of the greatest and boldest undertakings of the human mind will inevitably be stricken down.

More than one of these speakers recalled, with some bitterness, the fact that the Japanese had taken advantage of the patiently conciliatory temper which the League had displayed, in order to present the League, and the World, with a *fait accompli*.

The Committee of Nineteen, and some of its members individually [Dr. Beneš observed] express their profound and sincere regret that the undertaking not to aggravate the situation, given by the two parties before the Council on the 30th September and the 10th December, 1931, and solemnly confirmed by the Assembly, has not been observed. The Committee of Nineteen, when informed of the possibility that the State of Manchukuo might be recognized, acted, against the opinion of certain of its members, with peculiar moderation, on the ground that, in a case of that kind, an attitude of respect for the larger moral interests and the national dignity of the two parties to the dispute would inspire both of them with feelings of particular regard for the League and for the representatives of the other countries who were called upon to perform a particularly thankless task in connexion with the dispute. The members of the Committee of Nineteen felt particularly keenly the complete disappointment they experienced in that respect; and I must say that thereby their task is made still more difficult to-day, when they are making every effort, by means of conciliation, to find a just and equitable solution of this unfortunate dispute. For the policy of accomplished facts is one of the most dangerous policies for the peace of the World.

The League of Nations [said Señor de Madariaga], realizing from the first the seriousness of the problem, has acted with circumspection, caution and patience, which naturally called for time. We knew well that time would be unjust, that it would favour the side relying on immediate force and would allow the *fait accompli* to ripen and bear fruit. But when I search my memory for the motives that led me during this long year to agree to such slow methods, to vote for these long time-limits, to resign myself to these adjournments, I find that I was moved almost entirely by a desire to be conciliating and accommodating to Japan. It was therefore not without some bitterness that, the other day, I heard the distinguished Monsieur Matsuoka say in the Council that his Government had not submitted the conflict to our jurisdiction 'on account of the delays inherent in League procedure'.

It was evident that, with all these speakers, the Lytton Report had carried conviction, and that its findings had made a deep impression

on their minds. In particular, they showed themselves convinced that the military action of the Japanese in Manchuria and at Shanghai could not be legitimately regarded as action in self-defence, and that 'Manchukuo' could not be treated as a spontaneous creation of the inhabitants of Manchuria or indeed as anything but a Japanese product—the erection of which had only been made possible through the Japanese military conquest of the country.<sup>1</sup> The action which they, on their part, were in favour of taking, in the Assembly, was foreshadowed, on the 7th December, by Monsieur Motta.

After this general discussion, the Committee of Nineteen will be asked to submit to the plenary Assembly a draft resolution. This proposal, which will be carefully studied, should request the Committee to initiate conciliation procedure and supervise it. Such procedure is prescribed in Article 15, paragraph 3, of the Covenant, and I sincerely hope that it will attain its object: the settlement of the dispute. That would avoid the necessity of proceeding to the second phase—namely, the recommendation procedure laid down in Article 15, paragraphs 4 *et seq.*, of the Covenant.

Meanwhile, before any course of action could be decided upon by the Assembly, the representatives of the Great Powers had to be heard; and this time, once again, as on a number of previous occasions,<sup>2</sup> a 'class difference' between the attitude of the Great Powers and the attitude of the smaller countries made itself apparent. On this occasion Sir John Simon himself admitted that there was a difference inasmuch as 'the Great Powers, by the very circumstance of their position', might 'have upon their shoulders the greatest responsibilities and the largest risks'. He maintained, however, that, 'so far as the desire and the determination to act as loyal Members of the League of Nations are concerned, for all of us alike the Covenant of the League of Nations is our constitutional law. . . . We are not at liberty to disregard it. We are bound to sustain it.' Nevertheless, a detached observer who attempted to measure and compare—in the light of acts as well as words—the respective attitudes of the Great Powers and the smaller states towards the League of Nations, might perhaps still detect—notwithstanding the contention of the British Secretary of State—a certain difference in the matter of comparative loyalty, and he might confidently regard this difference as a fact of political importance, even if he were cautious in attributing any great moral significance to it.

<sup>1</sup> See, in particular, the observations on these two points which were made by Monsieur Motta on the 7th December.

<sup>2</sup> See the *Survey for 1931*, pp. 503-4, and the *Survey for 1932*, pp. 575-7.

Morally, the unqualified loyalty to the League which was displayed by the smaller states might have to be discounted by the consideration that, for states of this calibre, the League was the one possible shield and buckler in an otherwise lawless and violent world where the puny strength of their own right arms would be powerless to defend them against the aggression of their great neighbours. Conversely, it might be no proof that the Great Powers were morally inferior to the smaller states if the Great Powers' loyalty to the League proved to be partial and conditional, since the Great Powers, unlike the smaller countries, did still put some trust in the strength of their own right arms to defend them against all comers. Without prejudice to the question whether this self-confidence, on the part of the Great Powers, were well founded or not in an age which had seen the German 'strong man armed' brought low (like so many of his historic predecessors) by a stronger than he, it might be argued that, so long as this self-confidence in fact persisted, it was only human for the Great Powers to look with some indulgence upon the use, by one of their own number, of military force as an instrument of national policy. Moreover, if a residue of traditional self-confidence inclined the Great Powers, as a class, to be less sensitive than the small states to the fate of the general principle that was involved in the local and immediate Far Eastern issue, there were several of them which found their general disinclination to take action reinforced by particular feelings which were the opposite of self-confidence and which rather resembled those of the young man with great possessions when he flinched from Christ's challenge because he could not bear to sacrifice the hostages—Shanghai and Hongkongs and Indo-Chinas—which he had unhappily given to Fortune. Czechoslovakia, Switzerland, and Spain, for their part, owed it to Fortune likewise, rather than to any native virtue, that they happened to find themselves unencumbered with national possessions in the Far East.<sup>1</sup> And, on this showing, it might be argued that, morally, the peoples and Governments of the Great Powers and the smaller states were 'much of a muchness'. Indeed,

<sup>1</sup> Spain had been fortunate enough to be relieved of her former possession of the Philippines, thanks to her defeat in the Spanish-American War of 1898. Switzerland and Czechoslovakia were debarred from joining in the European competition for overseas possessions through the geographical accident of possessing no seaboard. In the case of Czechoslovakia, there was another safeguard in the lateness of the date at which she had acquired her sovereign independence. Even if the authors of the late Peace Settlement had contrived to confer upon her, as they did confer upon Poland, the doubtful blessing of a corridor to the sea-coast, this could scarcely have become an avenue to even a modest overseas empire in an age when the political apportionment of the entire overseas world was already a *fait accompli*.

it might be conjectured that if, by some stroke of magic, their respective strengths and estates could have been transposed, they would have promptly interchanged their respective policies. Yet, however chary an observer might be of passing a comparative moral judgement, he could not fail to note that, in their respective attitudes towards the League, there was a well-marked difference between the Great Powers on the one hand and the smaller states on the other, and that this *de facto* difference of attitude was a fact of considerable political importance.

In any case, the four speeches of Monsieur Paul-Boncour (France), Sir John Simon (United Kingdom), Baron Aloisi (Italy), and Freiherr von Neurath (Germany) were all in harmony with one another, and in discord with the speeches of the representatives of the smaller states, in showing a certain indulgence towards Japan in one way or another. Monsieur Paul-Boncour, for instance, took up Mr. Matsuoka's suggestion that the 'slowness' and the 'powerlessness' which had been displayed by the League in its handling of the Far Eastern conflict need not be taken as constituting a precedent for its prospects of success or failure in dealing with a similar situation in Europe. He suggested to his colleagues that, in the Far East, they were dealing with a special case; and his Italian colleague, Baron Aloisi, drew the moral that this special case was a test, not of the efficacy of the Covenant, but of its elasticity.

Wherever the responsibilities for the dispute may lie, the fact remains that it has put the elasticity and flexibility even of the clauses of the Covenant to the severest test. That flexibility was intended and, I say, wisely intended, by the founders of the League. Their object was to allow the free development of the activities of states without resort to those extreme measures which the League is called upon to take in the event of a violation of the Covenant. This flexibility, I repeat, has been put to a very severe test; but that does not justify our proceeding to conclusions not based on a sense of realities or the responsibility of Government representatives. The latter are called upon, not to establish academic principles, but to discover a solution based on realities. That is what world public opinion demands.

This view was also taken by Freiherr von Neurath, who deprecated an approach to the question 'on the basis of more or less abstract principles'.

As for Sir John Simon, he held out a helping hand to Mr. Matsuoka by drawing attention to certain passages in the Lytton Report which brought out the complicated character of the circumstances of the dispute and the weak points in the Chinese case, and which submitted, *à propos* of future action in Manchuria, that 'a mere restoration of

the *status quo ante* would be no solution'.<sup>1</sup> He went on to observe that he had 'heard something said about direct negotiations between the parties', and to suggest that, 'if direct negotiations' gave 'promise of good results', then surely the Assembly 'should encourage them by every means in their power'. After listening to Sir John Simon's speech, Mr. Matsuoka was reported to have remarked that 'Sir John Simon had said in half an hour, in a few well-chosen phrases, what he—Mr. Matsuoka—had been trying to say in his bad English for the last ten days'.<sup>2</sup> Sir John Simon did, however, go on to suggest that the organs of the League might be able—and he believed they would be able—to assist in the work of conciliation; and he made the constructive proposal (which was seconded by Freiherr von Neurath) that, if a Conciliation Committee were eventually constituted, means might be found 'to add to it a representative from each of two great countries vitally interested in the Far East which' were 'not themselves Members of the League of Nations—namely, the United States of America and the Union of Soviet Socialist Republics'.

Thereafter, on the 8th December, the attitude already assumed by the representatives of the Great Powers was likewise taken up by the representatives of two of the self-governing overseas Dominions of the British Commonwealth, Mr. Cahan (Canada) and Mr. Bruce (Australia). Mr. Cahan not only took pains to re-affirm the established Canadian doctrine about the limited scope of Article 10 of the Covenant;<sup>3</sup> he also gave the impression of condoning the Japanese military *coup* of September 1931 in Manchuria by criticizing the Japanese Government for not having communicated to the League, at the time, an unsolicited explanation of Japanese conduct and policy, on the precedent of the British Government's communication in 1927<sup>4</sup>—an analogy which, as drawn by Mr. Cahan on this occasion, might seem to carry the implication that, in other respects, the Japanese Government's behaviour was comparable with the British Government's action in 1927 in despatching a defence force to Shanghai.<sup>5</sup> Mr. Bruce, for his part, deprecated the passing of any resolution with either an open or an implied censure in it, on the ground that this would make the League's task of conciliation very difficult.

In making this plea, Mr. Bruce was referring to an incident which

<sup>1</sup> *Lytton Report*, p. 127.

<sup>2</sup> *The Manchester Guardian*, 8th December, 1932.

<sup>3</sup> For this doctrine, see *The Conduct of British Empire Foreign Relations since the Peace Settlement*, pp. 10, 52 n., 56-8.

<sup>4</sup> See the *Survey for 1926*, pp. 361-2, 380.

<sup>5</sup> See the *Survey for 1926*, pp. 361-80; the *Survey for 1927*, pp. 369-77; and the *Survey for 1932*, pp. 496-7, 538.

had occurred at an earlier stage of that morning's meeting, when a draft resolution—presented jointly by the delegations of Spain, Ireland, Sweden, and Czechoslovakia—had evoked a protest from Mr. Matsuoka. This resolution was conceived as follows:

The Assembly,

Considering that the Commission of Enquiry appointed by the Council stated in its unanimous report that, as regards the questions pending between the two parties, every possibility of peaceful settlement had not been explored before the 18th September, 1931; that the relations between China and Japan were those of disguised war; and that the military operations which were undertaken by the Japanese troops after the 18th September, 1931, and which created these relations, could not be regarded as measures of legitimate defence;

Considering that, in its unanimous report, the Commission of Enquiry stated it to be a fact that, without declaration of war, an important part of what was indisputably Chinese territory has been seized by force and occupied by the Japanese troops, and that, as a sequel to this operation, it has been separated and declared independent of the rest of China;

Considering that the Commission of Enquiry further stated in its unanimous report that the present régime in Manchuria could not be regarded as the outcome of a sincere and spontaneous movement of independence:

Observes that the vast operations and the military occupation which followed the events of the 18th September, 1931, cannot be considered as measures of legitimate defence;

Observes that the régime set up in Manchuria has only been able to be carried into effect thanks to the presence of Japanese troops;

Observes that the recognition of the present régime in Manchuria is not compatible with existing international obligations;

Authorizes the Committee of Nineteen to solicit the co-operation of the Governments of the United States of America and of the Union of Soviet Socialist Republics for the purpose of getting into touch with the parties with a view to ensuring a settlement of the dispute on the basis of the above-mentioned findings.

Mr. Matsuoka's response to this censure was in the following terms:

In the interest of the League, I wish to ask the authors of this draft resolution to withdraw it. Failing this, it is only fair to ask the President to put it to the vote when the time comes so that we may know the sense of the Assembly. I am afraid, let me add, that the handling of this resolution may, I even think will, entail consequences perhaps not intended or anticipated by the authors of the resolution.

A decision on Mr. Matsuoka's motion of order was postponed until after the close of the general discussion, which was terminated, as it had been opened, by speeches from the representatives of the two disputant countries. The Chinese spokesman, who, on this occasion, was Mr. Quo Tai-chi, concentrated his efforts, in the first place, upon

rebutting the contention—which had been definitely put forward by Mr. Matsuoka as well as being apparently implied by Mr. Cahan—that the Japanese military operations in Manchuria and at Shanghai, since the 18th September, 1931, were not much more difficult to justify than the British Government's action in despatching a defence force to Shanghai in 1927. In the second place, Mr. Quo Tai-chi took up Sir John Simon's suggestions.

Sir John Simon said yesterday afternoon that he had heard something about direct negotiations between the parties and he said 'that, if direct negotiations give promise of good results, then surely the Assembly should encourage them by every means in its power'. I am not sure in what quarter Sir John Simon had heard reports of direct negotiations. But certainly he could not have heard it from any member of the Chinese delegation, of the Chinese Government or from any other Chinese source. If we had desired direct negotiations with Japan on the basis of its military occupation of our land, we need not have troubled the Assembly with our affairs, for that method has been open to us since September 1931. We will not accept direct negotiations with Japan, and the idea that we will ever do so should be finally dismissed.

But, I make haste to add, we are determined also to do everything in our power to help the League to bring this tragic conflict to an agreed solution. There is nothing we more urgently desire than that. There is nothing we more urgently require than freedom from foreign troubles, to enable us to press on with our work of national reconstruction. The Assembly may rely on China to give it her utmost assistance in its present task. And if we are against direct negotiations, we are in favour of collective negotiations through the League. Sir John Simon yesterday suggested, if I understood him rightly, that such negotiations might be undertaken through the existing Committee of Nineteen and that in that Committee we might secure the assistance and advice of the United States of America and of the Soviet Union. For our part, we accept Sir John Simon's suggestion and we believe that no better machinery for the purpose could be found. . . .

The negotiations should be collective and should be conducted in the Committee of Nineteen. They should be preceded by the adoption of an Assembly resolution, pledging Members of the League not to recognize 'Manchukuo' or enter into any relations therewith. They should be begun upon the basis of, and should be limited by, the resolutions of the 11th March and the principles of Chapter IX of the report.

Mr. Matsuoka's last word was unpromising. He cited Sir John Simon's authority for declining to accept the Lytton Report *in toto*;<sup>1</sup> announced that 'a number of serious thinkers in Japan' were now urging withdrawal from the League of Nations because they were

<sup>1</sup> 'Our distinguished colleague from the United Kingdom very aptly said yesterday that none of us can accept the report of the Commission of Enquiry *in toto*. I do not quote his words, but refer to the sense of them. May I be allowed to undertake to improve his statement just a bit?'



'disgusted' and 'exasperated that their case was not fully understood by the League'; and proclaimed the unanimity of the Japanese nation, in support of the Japanese troops' action in Manchuria on and after the 18th September, 1931, in language which might have issued from the mouth of some official spokesman of Germany at any date between the German invasion of Belgium and the Armistice of the 11th November, 1918.

In this connexion, will you allow me to suggest to you that, if there were no good reason, it would be inexplicable that the whole nation should stand by the actions of the officers? There was not one dissenting voice throughout the land. There are sixty-five million Japanese of pure blood, and they all stood up as one man. Do you suppose that they all went mad? Do you suppose that they were all insane? It is a pretty hard thing to make sixty-five million people insane, and I trust that our delegation here are not regarded by you yet as insane. Does not common sense suggest to you that there must have been a very serious reason? Can you not at least suspect—unless you presume that we all went mad—that there must have been some good reason for the sixty-five million people to unite as one man in backing up these actions?

The reason is plain and simple. Our nation regards the issue connected with Manchuria as involving the very existence of Japan; she looks upon it as a question of life and death.

I owe it to candour to state—though it may shock some of you—that the irresponsible and misguided voices which were raised in the autumn of last year and the spring of this year in Geneva scared some of our people so much that they made up their minds to confront even the severest sanction under the Covenant—that is to say, economic boycott. They were ready to face it if need be, and I tell you, gentlemen, . . . that even to-day our nation is prepared to undergo it. And why? Because they believe that it is a question of now or never.

This intransigent tone, which was so loudly audible in Mr. Matsuoka's concluding speech, was probably elicited by a realization, on his part, that the Assembly was not inclined to take a line which would be acceptable to the Japanese Government. Sir John Simon himself had not only given warm praise to the Lytton Report; he had gone the length of practically committing himself to the proposition that the report should be taken as a basis for the Assembly's action,<sup>1</sup> while on the other hand, in taking up the Japanese demand for bilateral Sino-Japanese negotiations, he had not gone so far as to advocate the initiation of such negotiations without any participation on the part of the League. Moreover, Monsieur Paul-Boncour, on the 7th, had gone farther, not only than Sir John Simon, but also than Monsieur

<sup>1</sup> 'We must have a basis, and I can see no basis except that which this report provides.'—Sir John Simon in his speech in the Assembly on the 7th December, 1933.

Motta, in regard both to acting on the basis of the Lytton Report and to carrying the procedure under Article 15 of the Covenant through.

I think [he said] we should be wise to adopt the definite basis supplied by this report when we come to formulate our conclusions with regard to both tasks which have devolved upon us: that of conciliation in the first place, and then the final report, in the sense indicated in paragraph 4 of Article 15, which, however, we shall prepare only if our efforts at conciliation meet with no success.

The problem of how to avoid an immediate breach between Mr. Matsuoka and his colleagues was solved by the presentation, in the course of the proceedings on the 8th December, of another draft resolution—this time in the names of the Czechoslovak and Swiss delegations—which was examined by the Bureau of the Assembly, after the close of the general discussion on the afternoon of the 8th December, in conjunction with the four-Power draft resolution, quoted above, and with Mr. Matsuoka's motion of order. On the 9th December, this Czechoslovak-Swiss resolution was submitted to the Assembly by the President, and was adopted by the Assembly in the following form (which embodied some slight amendments of the original draft).

The Assembly,

Having received the report of the Commission of Enquiry set up under the resolution adopted on the 10th December, 1931, by the Council, together with the observations of the parties and the Minutes of the Council meetings held from the 21st to the 28th November, 1932;

In view of the discussions which took place at its meetings from the 6th to the 9th December, 1932:

Requests the Special Committee appointed under its resolution of the 11th March, 1932:

(1) To study the report of the Commission of Enquiry, the observations of the parties and the opinions and suggestions expressed in the Assembly, in whatever form they were submitted;

(2) To draw up proposals with a view to the settlement of the dispute brought before it under the Council resolution dated the 19th February, 1932;

(3) To submit these proposals to the Assembly at the earliest possible moment.

It will be seen that the first of the three requests, set forth in this resolution, avoided both the alternatives which had been put forward, the day before, by Mr. Matsuoka in his protest against the draft resolution of the four small Powers. On the one hand, this four-Power resolution was not put to the vote, and on the other hand it was not withdrawn, but was now passed on, with Mr. Matsuoka's tacit assent, to the Committee of Nineteen.

The Committee of Nineteen set to work forthwith, and found itself able, on the 15th December, 1932, to submit to the two disputants two draft resolutions and a statement of reasons 'indicating generally the basis on which it thought it possible to continue its endeavours to effect a settlement of the dispute'<sup>1</sup> by way of conciliation under Paragraph 3 of Article 15 of the Covenant. These texts were as follows:

*Draft Resolution No. 1.*

The Assembly,

Recognizing that, according to the terms of Article 15 of the Covenant, its first duty is to endeavour to effect a settlement of the dispute, and that consequently it is not at present called upon to draw up a report stating the facts of the dispute and its recommendations in regard thereto;

Considering that, by its resolution of the 11th March, 1932, it laid down the principles determining the attitude of the League of Nations in regard to the settlement of the dispute:

Affirms that in such a settlement the provisions of the Covenant of the League of Nations, the Pact of Paris and the Nine-Power Treaty must be respected;

Decides to set up a Committee whose duty will be to conduct, in conjunction with the parties, the negotiations with a view to a settlement, on the basis of the principles set out in Chapter IX of the report of the Commission of Enquiry, and having regard to the suggestions made in Chapter X of that report;

Appoints, to form a Committee, the Members of the League represented on the Special Committee of Nineteen;

Considering it desirable that the United States of America and the Union of Soviet Socialist Republics should consent to take part in the negotiations, entrusts to the above-mentioned Committee the duty of inviting the Governments of the United States of America and the Union of Soviet Socialist Republics to take part in these negotiations;

Authorizes it to take such measures as it may deem necessary for the successful execution of its mission;

Requests the Committee to report on its work before the 1st March, 1933.

The Committee will have power to fix, in agreement with the two parties, the time-limit referred to in the Assembly resolution of the 1st July, 1932; should the two parties fail to agree on the duration of such a time-limit, the Committee will, simultaneously with the presentation of its report, submit proposals to the Assembly on the subject.

The Assembly shall remain in session, and its President may convene it as soon as he may deem this necessary.

<sup>1</sup> *League of Nations: Appeal of the Chinese Government; Draft of the Report provided for in Article 15, Paragraph 4, of the Covenant (VII. Political. 1933 VII. 2.) (Official No. A (Extr.) 22. 1933. VII), p. 12.*

*Draft Resolution No. 2.*

The Assembly thanks the Commission of Enquiry appointed in virtue of the Council's resolution of the 10th December, 1931, for the valuable assistance it has afforded to the League of Nations and declares that its report will stand as an example of conscientious and impartial work.

*Statement of Reasons.*

The Assembly, in its resolution of the 9th December, 1932, requested its Special Committee:

(1) To study the report of the Commission of Enquiry, the observations of the parties, and the opinions and suggestions expressed in the Assembly, in whatever form they were submitted;

(2) To draw up proposals with a view to the settlement of the dispute brought before it under the Council resolution dated the 19th February, 1932;

(3) To submit these proposals to the Assembly at the earliest possible moment.

If the Committee had had to lay before the Assembly a picture of events and an appreciation of the general situation, it would have found all the elements necessary for such a statement in the first eight chapters of the report of the Commission of Enquiry, which, in its opinion, constitute a balanced, impartial and complete statement of the principal facts.

But the time has not come for such a statement. In accordance with Article 15, paragraph 3, of the Covenant, the Assembly must first of all endeavour to effect a settlement of the dispute by conciliation, and, if such efforts are successful, it shall publish a statement giving such facts as it may deem appropriate. If it fails, it is its duty, in virtue of paragraph 4 of the same article, to make a statement of the facts of the dispute and recommendations in regard thereto.

So long as the efforts on the basis of Article 15, paragraph 3, are continued, a sense of the responsibilities placed on the Assembly in the various contingencies provided for in the Covenant obliges it to maintain a particular reserve. Hence the Committee has confined itself, in the draft resolution which it is to-day submitting to the Assembly, to making proposals with a view to conciliation.

By the Assembly's resolution of the 11th March, the Special Committee was instructed to endeavour to prepare the settlement of the dispute in agreement with the parties. Since, on the other hand, it is desirable that the United States of America and the Union of Soviet Socialist Republics should join in the efforts made in collaboration with the representatives of the parties, it is proposed that the Governments of these two countries should be invited to take part in the negotiations.

In order to avoid misunderstandings, and to make it plain that what is contemplated at the present stage with the co-operation of two countries not Members of the League is solely the negotiation of a settlement by conciliation, the Special Committee suggests that it should be regarded for this purpose as a new Committee responsible for conducting negotiations and should be authorized in this capacity to invite the Governments of the United States of America and of the Union of Soviet Socialist Republics to take part in its meetings.

The Negotiations Committee will have all the powers necessary for the execution of its mission. In particular, it may consult experts. It may, if it thinks fit, delegate part of its powers to one or more sub-committees, or to one or more particularly qualified persons.

The members of the Negotiations Committee will be guided as regards matters of law by Parts I and II of the Assembly resolution of the 11th March, 1932, and, as regards matters of fact, by the findings set out in the first eight chapters of the report of the Commission of Enquiry. As regards the solutions to be considered, they will seek them on the basis of the principles set out in Chapter IX of the report of the Commission of Enquiry and having regard to the suggestions made in Chapter X of the said report.

In this connexion, the Committee of Nineteen considers that, in the special circumstances which characterize the dispute, a mere return to the conditions previous to September 1931 would not suffice to ensure a durable settlement, and that the maintenance and recognition of the present régime in Manchuria could not be regarded as a solution.

Upon receipt of these documents, 'the Chinese and Japanese delegations proposed amendments and the President of the Committee and the Secretary-General were authorized to enter into conversations with them. On the 20th December the Committee decided to adjourn until the 16th January, 1933, at latest, in order to enable the conversations to continue.'<sup>1</sup> This stay in the League's proceedings—which was prompted, like previous delays, by an earnest desire to make sure of not closing any doors upon the possibility of conciliation—was taken advantage of, by the Japanese, once again, as had happened on several occasions before in the course of the preceding fifteen months,<sup>2</sup> in order to extend the range of their military and political *faits accomplis* in the Far East. The turn of the calendar years 1932 and 1933 saw the Japanese military occupation of Shan-haikwan—a city which occupied a key-position at the eastern terminus of the Great Wall, where it covered the passage along the narrow strip of plain between the sea and the mountains<sup>3</sup>—and this was a prelude to the Japanese conquest of the Eastern Inner Mongolian province of Jehol.<sup>4</sup> These inauspicious events in the Far East ushered in the next stage in the proceedings at Geneva, which may be recorded here in the Committee of Nineteen's own words.<sup>5</sup>

<sup>1</sup> Draft of the Report submitted by the Committee of Nineteen to the Assembly (*Document VII. Political. 1933. VII. 2*), p. 14.

<sup>2</sup> See the *Survey for 1931*, Part IV, section (iii) (b); and the *Survey for 1932*, Part V, section (iv) (c).

<sup>3</sup> See the *Survey for 1932*, pp. 433 n., 434 and n.; and the present volume, p. 481.

<sup>4</sup> For this see the present volume, pp. 479–80 above.

<sup>5</sup> Draft of the Report submitted by the Committee of Nineteen to the Assembly, pp. 14–15. A fuller account of the same events will be found in the

'The Committee of Nineteen met again on the 16th January, 1933. It noted that, though the conversations with the representatives of the parties concerning the draft resolutions and the statement of reasons framed by it had continued, no new proposal had been received apart from the amendments submitted in December by the Chinese and Japanese delegations. The Japanese delegation, however, had stated that it was in communication with its Government regarding new proposals which would be submitted within forty-eight hours.

'The Committee received these proposals on the 18th January. It noted that they differed in several fundamental points from those which it had communicated to the parties on the 15th December. As, however, the Japanese delegation, when submitting the new proposals of its Government, had specially emphasized that the latter attached great importance to the stipulation that the body to be appointed for the settlement of the dispute should include only Members of the League, the Committee of Nineteen felt that, if this were the only objection raised by Japan to the texts which had been communicated, it should not be impossible to settle the question in consultation with the parties. It therefore asked for supplementary information, particularly on the point whether, if this difficulty were overcome, Japan would be prepared to accept the draft resolution No. 1 of the 15th December. The Committee thought it should await the Japanese reply on this point before continuing its conversations with the Chinese delegation, whose proposals did not differ so fundamentally as those of Japan from the texts communicated to the two parties.

'On the 21st January the Committee noted that the effect of the statements made by the Japanese delegate to its Chairman and to the Secretary-General was that the Japanese Government was not prepared to accept draft resolution No. 1, even if the provision that non-member States be invited to participate in the negotiations for a settlement were eliminated from the draft.

'The Japanese delegation, in making these statements, had submitted new proposals on behalf of its Government.

'The Committee, after examining these proposals,<sup>1</sup> together with the amendments submitted by the Chinese delegation to the Committee's texts of the 15th December,<sup>2</sup> could do no more than note

opening statement made by the President of the Assembly, Monsieur Hymans (Belgium), at the meeting of the Assembly on the afternoon of the 21st February, 1933.

<sup>1</sup> Printed as Annex 1 to the Committee's draft report.

<sup>2</sup> Printed as Annex 2 to the Committee's draft report.

that it was impossible to frame a draft resolution acceptable to the two parties. The importance attached by the Chinese delegation and by the Committee itself to the participation of the United States of America and of the Union of Soviet Socialist Republics in the negotiation of a settlement made it impossible to eliminate at the sole request of Japan the provision concerning the invitation to those States, if the Committee must at the same time modify in the sense of the Japanese proposals the other provisions of draft resolution No. 1.

'The Committee further noted that, even if it agreed to transform the statement of reasons into a declaration made by the Chairman on behalf of the Committee, to which the parties would be free to submit reservations, the Japanese Government did not accept the text established by the Committee on the 15th December, but asked, in its new proposals, that important amendments to the text should be made which the Committee could not accept.

'In view of this situation, the Committee of Nineteen noted that, after endeavouring to prepare, in accordance with the mission entrusted to it, the settlement of the dispute in agreement with the parties, it appeared to it to be impossible to submit proposals to that effect to the Assembly.

'The Committee, therefore, in execution of the task entrusted to it under Part III (paragraph 5) of the resolution of the 11th March, 1932,<sup>1</sup> . . . prepared a draft report as contemplated in Article 15, paragraph 4, of the Covenant.

'In deciding to begin the preparation of this draft report, the Committee did not fail to point out that the Assembly was alone competent to apply, after the failure of the negotiations, the provisions of Article 15, paragraph 4. The Committee therefore remained at the disposal of the parties for any further proposals they might desire to communicate to it.

'On the 8th February, the Japanese representative submitted to the Committee further amendments to the text prepared on the 15th December.<sup>2</sup> On the 9th February, the Committee, after considering these amendments, deemed it desirable to ask for further information in regard thereto, in particular whether the Japanese Government accepted, as one of the bases for the contemplated conciliation, Principle 7 in Chapter IX of the report of the Commission of Enquiry regarding the establishment in Manchuria of a large measure of autonomy consistent with the sovereignty and administrative in-

<sup>1</sup> See the *Survey for 1932*, pp. 578-80.

<sup>2</sup> Printed as Annex 3 to the Committee's draft report.

tegrity of China. This question was submitted to the Japanese delegation in a letter of the same date.<sup>1</sup>

'The Japanese Government replied on the 14th February that it was convinced that the maintenance and recognition of the independence of "Manchukuo" were the only guarantee of peace in the Far East, and that the whole question would eventually be solved between Japan and China on that basis.<sup>2</sup> In reply to this communication the Committee, to its deep regret, felt bound to hold that the Japanese proposals put forward on the 8th February did not afford an acceptable basis for conciliation.<sup>3</sup> It added that it was, of course, willing to examine up to the date of the final meeting of the Assembly any further proposals which the Japanese Government might wish to make, but that it was sure that the Japanese delegation would realize that any aggravation of the existing situation must render more difficult, if not indeed frustrate, further efforts at conciliation.'

In recording these rather complicated negotiations between the Committee of Nineteen and the Japanese Government, it seems unnecessary to go into greater detail here than is given in the authoritative passage, just quoted, from the Committee's own draft report, since the principal relevant fact about the negotiations is that, unhappily, they came to nothing, as far as concerned the attempt, on the Committee's part, to establish a basis for a further essay in conciliation. At the same time, these negotiations were not without diplomatic importance; and on the point of diplomacy, as distinct from the point of substance, the Committee gained the advantage; for they frustrated the Japanese Government's attempt to make the breach appear to occur over the question whether the U.S.S.R. and the United States should be represented on the proposed new conciliation committee, and unmasked the true reason for the breach, which was that the Japanese Government were unwilling to accept any basis for a conciliation procedure which did not include an *a priori* acquiescence, on the part of all the other parties concerned, in the maintenance and recognition of the 'independence of Manchukuo'. The unmasking of this truth was important inasmuch as it clarified the real issue, in advance of the final encounter between Japan and the League Assembly. If Japan had been allowed to make the breach seem to occur over the proposed participation, in the next stage of the League's proceedings, of two states which were both

<sup>1</sup> Printed as Annex 4 to the Committee's draft report.

<sup>2</sup> Printed as Annex 5 to the Committee's draft report.

<sup>3</sup> Letter printed as Annex 6 to the Committee's draft report.



non-members, she might have ridden off on a show of legal justification. By conditionally waiving this desideratum, the Committee forced Japan to reveal to the World the fact that the real cause of the breach was Japan's refusal to accept the procedure of conciliation in regard to the very object in dispute: that is to say, the military and political *fait accompli* which Japan had already created in Manchuria by force.

On the 14th February the Committee of Nineteen not only addressed the last of its above-mentioned communications to the Japanese Government, but also adopted the draft of a report designed for eventual adoption by the Assembly, on the assumption that the attempt at conciliation had broken down. A report of the kind, in these circumstances, was required by the terms of Paragraph 4 of Article 15 of the Covenant; and the Committee of Nineteen had been instructed by the Assembly, in its resolution of the 11th March, 1932,<sup>1</sup> to prepare such a report if need be.

The draft report which was now duly prepared by the Committee consisted of four parts. In Part I of the draft, the Assembly was invited by its Committee to adopt, as its own, the first eight chapters of the Lytton Report, as well as the reports from the Consular Commission of Inquiry<sup>2</sup> on the hostilities at Shanghai at the beginning of the year 1932. Part II described the development of the dispute before the League of Nations, together with the concurrent development of events in the Far East—more especially the events not covered by the documentary material referred to in Part I. Part III described the chief characteristics of the dispute and the conclusions which might be drawn by the Assembly from the essential facts. Finally, Part IV contained certain recommendations which the Assembly might deem to be just and proper in regard to the dispute.

The contents of Parts I and II of this draft report (which was eventually adopted by the Assembly on the 24th February, 1933) need not be recapitulated here, since they record facts which have been dealt with already—albeit with far less authority—in previous volumes of this *Survey*. Of the eleven numbered conclusions presented in Part III, lack of space forbids the quotation, here, of more than the last three, which were to the following effect:

9. Without excluding the possibility that, on the night of the 18th-19th September, 1931, the Japanese officers on the spot may have believed that they were acting in self-defence, the Assembly cannot regard as measures of self-defence the military operations carried out on that night by the Japanese troops at Mukden and other places in

<sup>1</sup> See the *Survey for 1932*, pp. 578-80.

<sup>2</sup> See *op. cit.*, pp. 562-3.

Manchuria. Nor can the military measures of Japan as a whole, developed in the course of the dispute, be regarded as measures of self-defence. Moreover, the adoption of measures of self-defence does not exempt a State from complying with the provisions of Article 12 of the Covenant.

10. Since the 18th September, 1931, the activities of the Japanese military authorities, in civil as well as in military matters, have been marked by essentially political considerations. The progressive military occupation of the Three Eastern Provinces removed in succession all the important towns in Manchuria from the control of the Chinese authorities; and, following each occupation, the civil administration was re-organized. A group of Japanese civil and military officials conceived, organized and carried through the Manchurian independence movement as a solution to the situation in Manchuria as it existed after the events of the 18th September, and, with this object, made use of the names and actions of certain Chinese individuals and took advantage of certain minorities and native communities that had grievances against the Chinese administration. This movement, which rapidly received assistance and direction from the Japanese General Staff, could only be carried through owing to the presence of the Japanese troops. It cannot be considered as a spontaneous and genuine independence movement.

11. The main political and administrative power in the 'Government' of 'Manchukuo', the result of the movement described in the previous paragraph, rests in the hands of Japanese officials and advisers, who are in a position actually to direct and control the administration; in general, the Chinese in Manchuria, who, as already mentioned, form the vast majority of the population, do not support this 'Government' and regard it as an instrument of the Japanese. It should also be noted that, after the Commission of Enquiry completed its report and before the report was considered by the Council and the Assembly, 'Manchukuo' was recognized by Japan. It has not been recognized by any other State, the Members of the League in particular being of opinion that such recognition was incompatible with the spirit of the resolution of the 11th March, 1932.

The last sentence of Part III recorded the following momentous judgement:

While at the origin of the state of tension that existed before the 18th September, 1931, certain responsibilities would appear to lie on one side and the other, no question of Chinese responsibility can arise for the development of events since the 18th September, 1931.

The statement of recommendations in Part IV was divided into three sections. Section 1, which was in the nature of a preamble, recited a number of principles, conditions, and considerations on which the subsequent substantive recommendations were based. This section cited the Covenant of the League; the Multilateral Pact of Paris ('Kellogg-Briand Pact');<sup>1</sup> the Nine-Power Washington

<sup>1</sup> See the *Survey for 1928*, Part I A, section (i).

Treaty;<sup>1</sup> the Assembly's own resolution of the 11th March, 1932;<sup>2</sup> the declaration made by the President-in-Office of the Council on the 10th December, 1931;<sup>3</sup> the appeal addressed to the Japanese Government by the twelve neutral members of the Council on the 16th February, 1932;<sup>4</sup> the resolutions adopted by the Council on the 30th September, 1931, and the 10th December of the same year, in agreement with the parties to the dispute;<sup>5</sup> as well as ten principles and considerations which had been laid down by the Lytton Commission.<sup>6</sup> The texts of sections 2 and 3 of Part IV of the draft report were as follows:

### *Section II*

The provisions of this section constitute the recommendations of the Assembly under Article 15, paragraph 4, of the Covenant.

Having defined the principles, conditions and considerations applicable to the settlement of the dispute,

*The Assembly recommends as follows:*

1. Whereas the sovereignty over Manchuria belongs to China,

A. Considering that the presence of Japanese troops outside the zone of the South Manchuria Railway and their operations outside this zone are incompatible with the legal principles which should govern the settlement of the dispute, and that it is necessary to establish as soon as possible a situation consistent with these principles,

The Assembly recommends the evacuation of these troops. In view of the special circumstances of the case, the first object of the negotiations recommended hereinafter should be to organize this evacuation and to determine the methods, stages and time-limits thereof.

B. Having regard to the local conditions special to Manchuria, the particular rights and interests possessed by Japan therein, and the rights and interests of third States,

The Assembly recommends the establishment in Manchuria, within a reasonable period, of an organization under the sovereignty of, and compatible with the administrative integrity of, China. This organization should provide a wide measure of autonomy, should be in harmony with local conditions and should take account of the multilateral treaties in force, the particular rights and interests of Japan, the rights and interests of third States, and, in general, the principles and conditions reproduced in Section I (c) above; the determination of the respective powers of and relations between the Chinese Central Government and the local authorities should be made the subject of a Declaration by the Chinese Government having the force of an international undertaking.

2. Whereas, in addition to the questions dealt with in the two recommendations I A and I B, the report of the Commission of Enquiry

<sup>1</sup> See the *Survey for 1920-3*, pp. 477-8.

<sup>3</sup> *Ibid.*, 1931, p. 504.

<sup>5</sup> *Ibid.*, 1931, pp. 486-7, 501-2.

<sup>6</sup> See *Documents on International Affairs*, 1932, pp. 326-7.

<sup>2</sup> *Ibid.*, 1932, pp. 578-80.

<sup>4</sup> *Ibid.*, 1932, pp. 565-6.

mentions, in the principles and conditions for a settlement of the dispute set out in Section I (c) above, certain other questions affecting the good understanding between China and Japan, on which peace in the Far East depends,

The Assembly recommends the parties to settle these questions on the basis of the said principles and conditions.

3. Whereas the negotiations necessary for giving effect to the foregoing recommendations should be carried on by means of a suitable organ,

The Assembly recommends the opening of negotiations between the two parties in accordance with the method specified hereinafter.

Each of the parties is invited to inform the Secretary-General whether it accepts, so far as it is concerned, the recommendations of the Assembly, subject to the sole condition that the other party also accepts them.

The negotiations between the parties should take place with the assistance of a Committee set up by the Assembly as follows: The Assembly hereby invites the Governments of . . . each to appoint a member of the Committee as soon as the Secretary-General shall have informed them that the two parties accept the Assembly's recommendations. The Secretary-General shall also notify the Governments of the United States of America and of the Union of Soviet Socialist Republics of this acceptance and invite each of them to appoint a member of the Committee should it so desire. Within one month after having been informed of the acceptance of the two parties, the Secretary-General shall take all suitable steps for the opening of negotiations.

In order to enable the Members of the League, after the opening of negotiations, to judge whether each of the parties is acting in conformity with the Assembly's recommendations:

(a) The Committee will, whenever it thinks fit, report on the state of the negotiations, and particularly on the negotiations with regard to the carrying out of recommendations I A and B above; as regards recommendation I A, the Committee will in any case report within three months of the opening of negotiations. These reports shall be communicated by the Secretary-General to the Members of the League and to the non-member States represented on the Committee;

(b) The Committee may submit to the Assembly all questions relating to the interpretation of Section II of Part IV of the present report. The Assembly shall give this interpretation in the same conditions as those in which the present report is adopted, in conformity with Article 15, paragraph 10, of the Covenant.

### *Section III*

In view of the special circumstances of the case, the recommendations made do not provide for a mere return to the *status quo* existing before September 1931. They likewise exclude the maintenance and recognition of the existing régime in Manchuria, such maintenance and recognition being incompatible with the fundamental principles of existing international obligations and with the good understanding between the two countries on which peace in the Far East depends.

It follows that, in adopting the present report, the Members of the League intend to abstain, particularly as regards the existing régime in Manchuria, from any act which might prejudice or delay the carrying out of the recommendations of the said report. They will continue not to recognize this régime either *de jure* or *de facto*. They intend to abstain from taking any isolated action with regard to the situation in Manchuria and to continue to concert their action among themselves as well as with the interested States not members of the League. As regards the Members of the League who are signatories of the Nine-Power Treaty, it may be recalled that, in accordance with the provisions of that Treaty: 'Whenever a situation arises which, in the opinion of any one of them, involves the application of the stipulations of the present Treaty and renders desirable discussion of such application, there shall be full and frank communication between the contracting Powers concerned.'

In order to facilitate as far as possible the establishment in the Far East of a situation in conformity with the recommendations of the present report, the Secretary-General is instructed to communicate a copy of this report to the States non-members of the League who are signatories of the Pact of Paris or of the Nine-Power Treaty, informing them of the Assembly's hope that they will associate themselves with the views expressed in the report, and that they will, if necessary, concert their action and their attitude with the Members of the League.

When the special session of the Assembly was reassembled on the 21st February, 1933, the President, Monsieur Hymans, contented himself with giving an account of the proceedings of the Committee of Nineteen since the 9th December, 1932; and the consideration, by the Assembly, of the draft report from the Committee of Nineteen was deferred until the 24th of the month. When that date arrived the Assembly took definitive action within the compass of a single day.

On the 24th February, 1933, the proceedings in the Assembly opened with a submission, on behalf of the Committee of Nineteen, of names of states which might be invited to serve on the committee that was provided for in the fourth paragraph of Recommendation 3, Section 2, Part IV, of the draft report.<sup>1</sup> It was also announced, on the Committee's behalf, that, having studied the Japanese delegation's observations on the draft report, the Committee did not desire to make any change in the draft, and that its members had decided not to take part in the coming discussion. Indeed, apart from the President of the Assembly, the sole speakers at the momentous morning sitting of the 24th February, 1933, were Dr. Yen (China)

<sup>1</sup> See p. 507 above. The names proposed were the following: Belgium, the United Kingdom, Canada, Czechoslovakia, France, Germany, the Irish Free State, Italy, the Netherlands, Portugal, Spain, and Turkey.

and Mr. Matsuoka (Japan), together with the representatives of Venezuela, Canada, and Lithuania. At the end of this sitting, the President took a vote on the draft report, by roll-call, with the following results. The number of states voting was 44. The number of votes cast in favour of the report was 42. The 42 affirmative votes included those of all the twelve members of the Council other than the two parties to the dispute. They also included the vote of one of the two parties to the dispute, namely China. The discrepancy between the total number of votes cast and the number of votes in the affirmative was accounted for by the abstention of Siam from voting, and by an adverse vote from one of the two parties, namely Japan. The Japanese vote was thus the sole adverse vote that was cast. By the terms of Article 15 of the Covenant, the votes of the parties did not count in deciding the question of unanimity; and, in the Assembly, unanimity meant a unanimous vote of the states represented on the Council and a majority of the other states represented in the Assembly, while a state which abstained from voting was regarded, under the rules of procedure, as not being present. Accordingly, the President was able to declare the report unanimously adopted.

The morning's proceedings closed with a declaration from Mr. Matsuoka on behalf of the Japanese Government, which contained the following significant passages:

It is a source of profound regret and disappointment to the Japanese delegation and to the Japanese Government that the draft report has now been adopted by this Assembly. . . .

The Japanese Government now finds itself compelled to conclude that Japan and the other Members of the League entertain different views on the manner of achieving peace in the Far East, and the Japanese Government is obliged to feel that it has now reached the limit of its endeavours to co-operate with the League of Nations in regard to the Sino-Japanese differences.

Thereupon the Japanese delegation withdrew.

At a further sitting, on the same afternoon, the Assembly went on to adopt a draft resolution, submitted by the Committee of Nineteen, in the following terms:

Whereas, in virtue of Article 3, paragraph 3, of the Covenant, the Assembly may deal at its meetings with any matter affecting the peace of the World, and therefore cannot regard with indifference the development of the Sino-Japanese dispute;

And whereas, according to Part IV, Section III, of the report adopted by the Assembly in virtue of Article 15, paragraph 4, the Members of the League 'intend to abstain from taking any isolated action with regard to the situation in Manchuria and to continue to concert their

action among themselves as well as with the interested States not members of the League', and, 'in order to facilitate as far as possible the establishment in the Far East of a situation in conformity with the recommendations of the present report, the Secretary-General is instructed to communicate a copy of this report to the States non-members of the League who are signatories of or have acceded to the Pact of Paris or the Nine-Power Treaty, informing them of the Assembly's hope that they will associate themselves with the views expressed in the report, and that they will, if necessary, concert their action and their attitude with the Members of the League':

The Assembly decides to appoint an Advisory Committee to follow the situation, to assist the Assembly in performing its duties under Article 3, paragraph 3, and, with the same objects, to aid the Members of the League in concerting their action and their attitude among themselves and with the non-member States.

The Committee will consist of the representatives of the Members of the Committee of Nineteen and the representatives of Canada and the Netherlands.

The Committee will invite the Governments of the United States of America and the Union of Soviet Socialist Republics to co-operate in its work.

It shall report and make proposals to the Assembly whenever it thinks fit. It shall also communicate its reports to the Governments of the States non-members of the League which are co-operating in its work.

The Assembly shall remain in session and its President, after consulting the Committee, may convene it whenever he thinks fit.

The communication of the Assembly's report to states non-members of the League which were parties to the Kellogg Pact or to the Nine-Power Treaty evoked a prompt and cordial response from the Government of the United States. As early as the 26th February, 1933, the Secretary-General of the League received, at Geneva, a letter, dated the 25th, from the Secretary of State at Washington, Mr. Stimson, from which the following passages may be quoted:

The findings of fact arrived at by the League and the understanding of the facts derived by the American Government from the reports made to it by its own representatives are in substantial accord.

In the light of its findings of fact the Assembly of the League has formulated a measured statement of its conclusions. With those conclusions the American Government is in general accord. In their affirmations respectively of the principle of non-recognition and their attitude in regard thereto, the League and the United States are on common ground.<sup>1</sup>

As for the invitation, from the Assembly, to serve on the new Advisory Committee, this was accepted by the United States but was declined by the U.S.S.R.

<sup>1</sup> *The Manchester Guardian*, 27th February, 1933.

The new committee, which thus came to consist of the representatives of twenty-two states,<sup>1</sup> met for the first time on the 15th March, 1933, and elected Monsieur Lange (Norway) as its President. It at once appointed two sub-committees: one to examine the question of the export of arms to the Far East;<sup>2</sup> the other to consider the practical implications of the non-recognition of 'Manchukuo'.

On the second question, the Committee addressed, on the 14th June, 1933, a circular to all Governments—including non-members as well as members of the League—setting forth its recommendations for putting the policy of non-recognition into effect. This document dealt with such matters as the participation of the 'Government' of 'Manchukuo' in international conventions; postal services and stamps; the international non-recognition of the 'Manchukuo' currency; the problems likely to arise over the acceptance, by foreigners, of concessions or employments in Manchuria; passports; the position of consuls; and the application of the system of import and export certificates which had been contemplated in the Geneva Opium Convention of 1925 and in the Opium Limitation Convention of 1931.

On the question of the arms traffic, it was more difficult both to work out a common policy, and to secure concerted action, since larger and more formidable issues were here involved. In the matter of the non-recognition of 'Manchukuo', the question of principle had already been decided by the United States and by the states members of the League; and however great the future importance of this decision on a point of principle might possibly prove to be, the League Committee, and the Governments to whom it circulated its recommendations, had nothing further to do at the moment than to work out the practical application of the principle, in a particular case, on points of detail. On the other hand, the problem of dealing with the arms traffic could not be treated as something merely incidental to a particular phase of the Sino-Japanese dispute, since this problem involved issues—particularly in regard to the concept and status of Neutrality—which touched the heart of the general problem of Security and Disarmament.

The inherent difficulties may be illustrated by the internal discussions on the subject in two of the principal arms-exporting countries—the United Kingdom and the United States—during the weeks

<sup>1</sup> i.e. all the states previously represented on the Committee of Nineteen, together with Canada, the Netherlands, and the United States.

<sup>2</sup> On the Committee of Nineteen, the appointment of this sub-committee had been proposed by Mr. Eden (United Kingdom) as early as the 25th February, 1933.



immediately preceding the setting up of the relevant sub-committee, on the 15th March, 1933, at Geneva.

On the 21st February, 1933, in the House of Commons at Westminster, Sir John Simon was asked by Mr. Lansbury—*à propos* of the new Japanese military offensive in the province of Jehol<sup>1</sup>—whether he could give any information as to the proposal for an embargo on arms exported to Japan or China. On this occasion, Sir John Simon contented himself with quoting President Hoover's message of the 10th January to the Congress at Washington, to the effect that 'for one nation alone to engage in such prohibitions, while other nations continue to supply arms, is a futility'; and an attempted motion of adjournment on the point was ruled out of order. Time was given, however, for a debate on the subject on the 27th February, and in the course of this debate Sir John Simon announced that, subject to the maintenance of existing contracts, His Britannic Majesty's Government in the United Kingdom had 'decided that, as from' that 'day, and pending the opportunity of international consultation and decision', the Government would 'not authorize the issue of licences for the export, to either China or Japan, of any articles mentioned in the Arms Export Prohibition Order, 1931'. Sir John Simon prefaced this announcement by once again quoting President Hoover's authority in support of the proposition that 'the thing has to be done internationally if it is to be really effective'; and he took the opportunity to point out that the legal position in the United Kingdom, where the Government already possessed powers for stopping the traffic, was exceptional, and that in most countries, including the United States, new legislation would have to be passed before their Governments could find themselves constitutionally entitled to take any equally effective action.

It will be seen that the Government at Westminster, in the action which they did take on the 27th February unilaterally, refrained from applying, in the matter of access to British sources of military supplies, that categorical discrimination between China and Japan to which His Majesty's Government had solemnly and publicly committed themselves, in company with forty-one other Governments, on the 24th February at Geneva. On this account, Sir John Simon and his colleagues were now arraigned by critics, both abroad and at home, who pointed out that the Government of the United Kingdom had just joined in pronouncing judgement to the effect that, in the Far Eastern conflict, Japan had been the aggressor and China the victim of aggression—at any rate, since the 18th September, 1931.

<sup>1</sup> See p. 480 above.

How, then, the critics asked, could His Majesty's Government defend their present action in cutting off the victim and the aggressor indiscriminately from their access to supplies in the United Kingdom—and this at a moment when the aggressor was resuming his aggression and when the victim therefore had a more pressing need than ever to obtain the material means for self-defence? In answer to these criticisms, it was pointed out, on the British Government's behalf, that the indiscriminate application of an arms embargo to China and Japan alike was simply a provisional measure which was being taken by the British Government alone, as a matter of urgency, at a moment when they had the choice between acting unilaterally or else postponing the taking of any action of any kind, in spite of the desirability of some action being taken at once. On this showing, it was argued that the discrimination against Japan to which the British Government had committed themselves, in company with forty-one other Governments, in casting their vote at Geneva on the 24th February, could not fairly be taken as a precedent for a case in which the same Government had, *ex hypothesi*, to act by themselves. It was also argued that any discrimination, in this case, would have been an ineffective gesture, because, if the embargo had been applied to Japan only, and not to China as well, the Japanese could, in fact, have intercepted any arms which the Chinese Government might have ordered in the United Kingdom, in virtue of the Japanese Navy's command over all the maritime approaches to China from Europe; so that a discriminatory British embargo against Japan would have been of no practical help to China, while it might have produced embarrassing and even dangerous collisions between the Japanese Navy and the British merchant marine. Whatever the respective merits of these contending arguments might be, it is clear that the British Government's action was ill-received in China, at Geneva, and in the United States, as well as in circles, at home, which were opposed to the Government's Far Eastern policy. The only country that made a motion to follow suit was Canada; and on the 14th March—that is, the day before the setting up of the arms embargo sub-committee at Geneva<sup>1</sup>—the United Kingdom embargo was lifted, on the ground that it had not evoked any corresponding action in any other quarter.

The all-important quarter was, of course, the United States; and here the prospects were less promising in one way and more promising in another. They were less promising inasmuch as there was not yet any legislation, empowering the Executive to act, upon the

<sup>1</sup> See p. 511 above.

Federal statute-book; it was more promising, inasmuch as the passing of legislation was actively advocated by President Hoover and by Mr. Secretary Stimson—and this without any *caveat* that the embargo which the Executive was to be empowered to impose ought to be applicable only if applied to all the belligerents indiscriminately in any case that might arise. The history of this attempt at obtaining legislation in the United States need not be recapitulated here, since it has already been recorded in the preceding volume in this series.<sup>1</sup> While the Borah resolution of January 1933 was under consideration, Mr. Stimson submitted a remarkable memorandum in which he assumed that the proposed embargo 'would not be employed unless there was general co-operation and united opinion among the principal World Powers who could supply munitions', and then went on to argue that, in a conflict where the World had given its verdict as between the parties, the traditional conception of Neutrality was no longer applicable.<sup>2</sup> In the event, as has been recorded already, the Congress at Washington proved unwilling to empower the Executive to impose any embargo except on a basis of non-discrimination between the several parties to a conflict: that is to say, the basis on which the Government of the United Kingdom had actually exercised their existing powers between the 28th February and the 14th March.

This reversion, in both the United States and the United Kingdom, to the conception of Neutrality which had prevailed before the inauguration of the Collective System, was a sufficient impediment to prevent any progress being made towards a general regulation of the arms traffic, apropos of the Sino-Japanese conflict, in the year 1933; and the rapid conclusion of the Japanese campaign in Jehol,<sup>3</sup> followed by the armistice of the 31st May between the Japanese and Chinese forces in Northern China,<sup>4</sup> robbed the question of its immediate urgency in this particular field. In itself, however, the question was too general in its application, and too serious in its implications, to be thus disposed of. It immediately arose again over the conflict between Bolivia and Paraguay; and in this case it gave rise—as is recorded in another part of this volume<sup>5</sup>—to more effective action, largely because public opinion in the arms-exporting countries was now beginning to show itself sensitive over the immorality of making profits out of a social evil.

Thus the question of the arms traffic, after having been ineffectively

<sup>1</sup> *Survey for 1932*, p. 297, footnote 1.

<sup>2</sup> For Mr. Stimson's previous exposition of his views about Neutrality, in his speech of the 8th August, 1932, see the *Survey for 1932*, pp. 271-3.

<sup>3</sup> See p. 480 above.

<sup>4</sup> See p. 481 above.

<sup>5</sup> See Part III, section (iv).

raised as a sequel to the verdict of the 24th February, 1933, in the Sino-Japanese dispute, presented itself again forthwith in another facet of the ubiquitous and insistent problem of Security and Disarmament. Meanwhile, the year 1933 witnessed two other events in the history of the relations between the League and the two Far Eastern disputants. One chapter in the story was closed by the notification of the Japanese Government's intention to withdraw from the League; a new chapter was opened by the Chinese Government's communication regarding technical co-operation between the League and China.

The Japanese notification, which was made by telegram on the 27th March, 1933, had been a foregone conclusion since the 24th February; and, in itself, it came as a relief rather than as a blow to the other States Members. The blow had fallen long before, when Japan had revealed her determination to repudiate her international obligations. Thenceforth, the association of Japan with a society whose rules she had deliberately and flagrantly broken was nothing but an embarrassment; and the acuteness of this embarrassment was brought home by the fact that, if the Japanese Government had refrained from notifying their intention to withdraw until the month of May, they would automatically have succeeded in that month, on the established system of rotation in alphabetical order, to the presidency of the League Council! The Japanese Government's action on the 27th March had at least the merit of saving the League from this predicament.

The Japanese case, as argued for the last time in the telegram of the 27th March, 1933, was frankly based on a plea for special treatment on the ground of special circumstances.

It is and has always been the conviction of the Japanese Government that, in order to render possible the maintenance of peace in various regions of the World, it is necessary in existing circumstances to allow the operation of the Covenant of the League to vary in accordance with the actual conditions prevailing in each of those regions . . . and that . . . the general principles and usages of international law which govern the ordinary relations between nations are found to be considerably modified in their operation so far as China is concerned, resulting in the quite abnormal and unique international practices which actually prevail in that country. . . . The report adopted by the Assembly at the special session of the 24th February last, entirely misapprehending the spirit of Japan, pervaded as it is by no other desire than the maintenance of peace in the Orient, contains gross errors both in the ascertainment of facts and in the conclusions deduced. . . .

The conclusion must be that, in seeking a solution of the question, the majority of the League have attached greater importance to upholding

inapplicable formulae than to the real task of assuring peace, and higher value to the vindication of academic theses than to the eradication of the sources of future conflict. For these reasons, and because of the profound differences of opinion existing between Japan and the majority of the League in their interpretation of the Covenant and of other treaties, the Japanese Government have been led to realize the existence of an irreconcilable divergence of views, dividing Japan and the League on policies of peace, and especially as regards the fundamental principles to be followed in the establishment of a durable peace in the Far East. The Japanese Government, believing that, in these circumstances, there remains no room for further co-operation, hereby give notice, in accordance with the provisions of Article 1, paragraph 3, of the Covenant, of the intention of Japan to withdraw from the League of Nations.

On the same day, the Secretary-General of the League replied to the Japanese Government as follows:

The Secretary-General of the League of Nations has the honour to acknowledge the receipt of the telegram of the Minister for Foreign Affairs of Japan, dated the 27th March.

At the conclusion of that telegram, the Japanese Government gives notice of the intention of Japan to withdraw from the League of Nations in accordance with the provisions of Article 1, paragraph 3, of the Covenant, which runs as follows:

'Any Member of the League may, after two years' notice of its intention so to do, withdraw from the League, provided that all its international obligations and all its obligations under this Covenant shall have been fulfilled at the time of its withdrawal.'

The Secretary-General will not fail to communicate immediately the telegram from the Japanese Government, together with his reply, to the Members of the League.

While Japan was thus taking the necessary steps to sever her connexion with the League at the earliest legally possible date, China was seeking to make hers closer. On the 28th June, 1933, the Chinese Government addressed a letter to the Secretary-General,<sup>1</sup> reviewing the history of the technical co-operation which had taken place between China and the League in previous years,<sup>2</sup> and informing the Council that, 'having decided to proceed actively with a plan of national reconstruction in certain Chinese provinces selected as models, it considered it advisable, with a view to securing more continuous co-operation between the League and the National Economic Council, that a technical agent accredited to the National Government of China and to the National Economic Council should be appointed in order to ensure the necessary liaison'. On the previous

<sup>1</sup> Text in *League of Nations Official Journal*, September 1933, pp. 1063-4.

<sup>2</sup> See the *Survey for 1931*, pp. 396-7, and the *Survey for 1932*, pp. 414-15, 420-1.

occasions of co-operation, the League of Nations Council had left it to the Secretary-General to arrange with the Chinese Government for seconding League Secretariat officials for temporary service in China as advisers or liaison officers, and for sending special missions of technical experts. In view of the larger scope which the Chinese Government now evidently desired the co-operation to assume, the Secretary-General now suggested, when the Chinese Government's communication came before the Council on the 3rd July, 1933, that the Council might see fit to set up a special committee for dealing with the matter. This suggestion was approved by the Council; and a committee—composed of the President of the Council, together with the representatives of the United Kingdom, China, Czechoslovakia, France, Germany, Italy, Norway, and Spain—was appointed on the same day. The sequel to this action at Geneva will be recorded in a later volume.

This fresh step in the co-operation between China and the League, for the purpose of assisting the Chinese to put their own house in order, was of good augury, as far as it went, as being a piece of international action, in the field of Far Eastern affairs, which was undoubtedly constructive in character. At a plenary meeting of the League Assembly on the 29th September, 1933, the technical organizations of the League were referred to, with warm approbation, by the Chinese delegate, Dr. Wellington Koo, in connexion with the Chinese Government's recent request to the Council.

It is the intention of my Government [he said] to continue this policy of collaboration, so that China's stupendous task of internal reconstruction and economic development may be greatly hastened and facilitated to the mutual benefit of herself and the rest of the World. But, important as its everyday activities are, the interest and attention of the peoples of the World, in so far as the League of Nations is concerned, are naturally centred upon the success or failure of its efforts in the political sphere—in the promotion and maintenance of peace between nations, which is, after all, its main purpose. Measured by this obligation, the year under review cannot but be considered as the most disillusioning one for the League since its establishment.

In this disillusionment, China, victim of armed aggression from another Member of the League in the Far East, shares with the keenest feeling. It will be recalled that the initial act of an undeclared war of conquest on the part of Japan took place in the night of the 18th September, 1931. Seventeen months after, the Assembly pronounced its verdict in a report unanimously adopted on the 24th February, 1933. That report gives a clear account of the situation and establishes beyond doubt that, in the view of all the other Members of the League, Japan's occupation of the Three Eastern Provinces was a violation of the Covenant as well as of the Pact of Paris and the Nine-Power Treaty

of Washington, and that the new régime she had set up there was against the wishes of the people and incompatible with peace in the Far East. This report was accepted by China and rejected by Japan.

On the morrow of the Assembly meeting at which this report was adopted, the Japanese General Staff, no doubt as a reply to the League's pronouncement, and in disregard of Japan's covenants under Articles 12 and 15, attacked and occupied Jehol Province, and extended their aggressive operations to the south of the Great Wall, imminently threatening the security of Peking, China's ancient capital, and Tientsin, the great commercial metropolis of North China. The Chinese Government, rallying all available resources, resisted to the best of its ability, but, in the face of the better equipped Japanese army, which had prepared for years for this war of conquest, found itself unable to check single-handed the onslaught of the invading forces. After fifty days of a bitter struggle, in which we lost thirty thousand dead and wounded, we were obliged to sign a truce at Tangku on the 31st May, 1933. Although the Japanese troops have since been gradually withdrawn from the neighbourhood of Tientsin and Peking, the Four Eastern Provinces—namely, Manchuria and Jehol—have remained and still remain in the occupation of the Japanese army, contrary to Article 10 of the Covenant. . . .

It is to be feared that, so long as this glaring case of Covenant-breaking is not settled in accordance with the established principles of international law and the existing treaty obligations, it will remain, if not an insurmountable obstacle, at least a stumbling-block in the path of new international agreements looking to economic and military disarmament and to the maintenance of peace by common endeavour. The reason for this is not difficult to explain. The absence of any effective action from the League in this case has encouraged those who have all along been proclaiming the belief that might is right. It has, in fact, placed a premium upon aggression. It has given a new impetus to the activities of those in different countries who advocate and strive for an increase of armaments in the name of national defence, since treaties guaranteeing security may be disregarded with impunity. . . .

We have arrived at the cross-roads of the World's destiny. Our choice lies between an armed peace which, based upon a precarious balance of power, is most costly to every nation and postulates war as inevitable, and a peace based upon collective responsibility, which is the most economical for all, because it is maintained by joint effort and common sacrifice, and which is stable because it accepts justice as the final arbiter of nations. It means disarmament or rearmament, economic recovery or continuance of the world crisis; it means, in fact, war or peace. These are the alternative roads before us. For the sake of civilization and for the well-being of humanity, I sincerely hope that we shall all choose wisely.

#### (v) Russo-Japanese Relations and the C.E.R. Crisis

The immediate repercussions of Japan's invasion of Manchuria upon Sino-Russian relations<sup>1</sup> had died down, by the end of 1932, to

<sup>1</sup> See the *Survey for 1932*, pp. 435, 436 and 535.

a state of comparative calm. The Soviet Government's objections to the movement of Japanese troops over the Chinese Eastern Railway had been ostensibly assuaged by assurances that the movement was connected solely with police measures; and Moscow, in turn, had given satisfactory answers to the charge of aiding and abetting Japan's most troublesome opponent, General Ma Chan-shan.<sup>1</sup> The outlook had cleared sufficiently for the retiring Soviet Ambassador in Tokyo to be able to state, at a farewell speech on the 6th February, that 'all problems separating the Soviet Union and Japan have been solved'.

It was soon obvious, however, that the more fundamental causes of conflict between the two countries were operating far too strongly to allow the situation to compose itself so easily. Just as Russia's former expansion southward to the Yellow Sea had brought her into collision with Japan in 1904, so now Japan's northward expansion was threatening a similar result. In Manchuria itself, Russian rights and interests in the Chinese Eastern Railway—which the Soviet Government had so successfully salvaged, in 1924, from the wreck of Russian dominance in North Manchuria, and had reaffirmed by military force in 1929<sup>2</sup>—were now doubly endangered: on the one hand by the building of Japanese-planned lines designed to cut across the C.E.R. strategically and commercially, and on the other by the 'Manchukuo' Government's arrogation to itself of China's rights in the railway's administration. Westward, through Inner Mongolia, the Japanese arm was—as is indicated in an earlier section<sup>3</sup>—now stretching out towards the central regions of Asia, skirting the southern border of Siberia and bringing a Japanese sphere of influence within a rapidly narrowing distance of the private preserves of the U.S.S.R. In the East, again, the change of status of Manchuria had transformed the Russian Maritime Province into a salient, protruding between Japan and her 'Puppet State'. Vladivostok had acquired enhanced interest for Japan as a potential enemy outpost, if not as the key to her own further expansion, at the same time that the port was growing in importance in Russian eyes as the vital point in Siberian economic development.

With this zone of conflicting interests stretching from the Pacific to the borders of Turkestan, with militant elements in the ascendancy in Japan, and with Russia recovering her self-confidence as the result of her peace-pacts with her neighbours on the West<sup>4</sup> and

<sup>1</sup> See *op. cit.*, pp. 437-8.

<sup>2</sup> See the *Survey for 1929*, Part IV A, section (iv).

<sup>3</sup> Section (iii) above.

<sup>4</sup> See the present volume, Part II, section (i) (d) (5).



of her own improved equipment for war, the maintenance of tranquil relations between the two countries was an improbable forecast for 1933. In the event, a state of friction arose which threatened to develop into war. One major and a long series of minor disputes led up to the crisis. The former consisted of a quarrel between the U.S.S.R. and 'Manchukuo'-cum-Japan over the C.E.R., the latter arose from a number of frontier incidents, insignificant in themselves but magnified out of proportion in the atmosphere of nervous hostility which was at this time prevalent in both countries. The first of these occurred in February 1933, when the entry of Japanese troops into Russian territory near Pogranichnaya—allegedly in pursuit of bandits—provoked two formal protests from the Soviet Government. In June several Japanese fishermen were shot by Russian coast-guards on the coast of Kamchatka. No sooner had the Japanese Ambassador in Moscow made his representations than a counter-protest was filed against the violation of Russian territory by Japanese sailors who had been landed from a Japanese warship in connexion with the shooting incident. This affair came, exceptionally, to an amicable conclusion two months later when the Soviet Government admitted the shooting of the fishermen, offered compensation, and punished the coast-guards concerned. In July a Russian ship was arrested by the Japanese authorities for entering Japanese waters in the Kuriles, was detained, and was only released on the payment of a fine. Russian allegations of 'raids' over the frontier by Japanese aircraft were common throughout the year; and in November particular excitement was caused by reports from Vladivostok of a flight of nine Japanese military machines, including some bombers, twenty miles into Russian territory in the vicinity of Possiet Bay. The Japanese War Office issued a denial, and, almost immediately after this, Russian troops were accused in the Japanese press of shooting down Japanese aeroplanes in the same neighbourhood. This charge, in turn, was rebutted by the Foreign Office at Moscow.

Such unimportant affairs deserve mention only because their cumulative effect was a material factor in producing the crux in Russo-Japanese relations which developed in the autumn of the year. Having given them their due, we may now pass on to events on the C.E.R., which became the principal focus of hostile feeling between Japan and Russia.

The history of Russian control over the C.E.R. can be reviewed in five chronological stages. The first was a virtually sovereign control over the whole system, including the southern branch to Dalny and

Port Arthur; in the second stage, Russia had lost two-thirds of the southern branch, which passed to Japan by the Treaty of Portsmouth and became the South Manchurian Railway; the third stage was that of Russia's eclipse after the Revolution of 1917, when she lost all part in the railway; the fourth that of her return to a joint share with China in the management and profits of a C.E.R. which had then been formally 'commercialized'; the fifth and last stage began in September 1931, when the Chinese Government's authority came to an end in Manchuria.

Russian rights in the C.E.R. included, at that time, the appointment of Soviet citizens to the posts of Vice-President and General Manager and the employment of Russians at the head of various departments. These officials now found themselves yoked with Manchurian (in some cases Japanese) colleagues, directed by Japanese policy and supported by the power of Japan, in the place of the Chinese officials of the former régime who, when they became overbearing, had been proved to be amenable to a display of military force.

These were the circumstances of Russian participation in the administration of the line when the traffic on the eastern section (between Harbin and Pogradichnaya), which had been seriously interrupted since September 1931, became practically paralysed by the depredations of bandits, whose attacks on trains and kidnapping of railway officials were alleged by Moscow to be carried on with the connivance of the Japanese and 'Manchukuo' military authorities and police. Simultaneously, a dispute was gathering strength concerning the retention by the U.S.S.R. of some 4,000 wagons of rolling-stock in transit, which the 'Manchukuo' authorities claimed to be C.E.R. property, but which the Soviet Government declared to have belonged originally to the Russian railways, while at the same time maintaining that a still larger quantity of Russian rolling-stock was being held up on the C.E.R. itself.<sup>1</sup>

Threats of retaliation by the 'Manchukuo' authorities culminated in the stoppage, on the 8th April, 1933, of goods through-traffic at the frontier station of Manchuli, no wagons being permitted to pass from the C.E.R. to the Trans-Baikal line. On the 16th April this action drew a strongly worded note from Monsieur Karakhan to Monsieur Ota, the Japanese Ambassador at Moscow. After referring to the lack of protection from the competent authorities against the

<sup>1</sup> A part at least of the disputed material appears to have dated from the Allied intervention in Siberia in the years 1918-20, when it was supplied by the United States for military needs in Manchuria and Siberia, on guarantees of payment by the other Powers concerned.

ravages of bandits, which had, he said, led to a complete disorganization of the eastern line, and after reminding the Japanese Government of their indebtedness for the transport of troops and protesting against the severance of communications at Manchuli, the Vice-Commissar for Foreign Affairs expressed his Government's alarm at the situation which was developing in Manchuria.

Although no mention of a proposed sale of Russian rights in the railway was included in the Russian press reports of the interview, it later became known that a suggestion of this nature was brought up between Messieurs Ota and Karakhan. On the 6th May it was reported 'on good authority' from Tokyo that an offer to sell the C.E.R. for 300,000,000 million gold roubles had been made, a few days before, by Monsieur Litvinov to Monsieur Ota. On the 11th May the Moscow Foreign Office gave a statement to the press confirming the reports of the Russian offer of sale and emphasizing the fact that the Soviet Government were anxious to remove a perennial source of conflict.

As a solution of Russo-Japanese friction in Manchuria, the project of sale certainly appeared felicitous. For Russia the C.E.R. was useless strategically from the moment when Japan had completed her new system of Manchurian railways; as a profit-producing enterprise its value was undoubtedly on the decline<sup>1</sup> owing to the construction of competing lines. From the Russian point of view there appeared to be a clear case for cutting losses. From the Japanese standpoint the sale of the railway to 'Manchukuo' offered an indirect means of obtaining Russian recognition of the new 'Manchukuo' state, besides leaving 'Manchukuo' and Japan with a free hand to deal as they liked with the railway in the future.

The position of both parties in regard to a sale was, however, beset with ambiguities. In the first place the ownership of the line was by no means clearly established. Titles could be put forward by no fewer than three Governments, those of China, Russia, and 'Manchukuo', as well as by the *soi-disant* successor of the Russo-Asiatic Bank, the Banque Franco-Asiatique. Russian claims rested upon the original status of the railway as a joint Sino-Russian enterprise and the recognition of the 1896 contract which had been accorded

<sup>1</sup> Figures published in the *China Year Book*, 1933, show the following profits:

	gold roubles					
1929	.	.	.	.	.	38,000,000
1930	.	.	.	.	.	21,000,000
1931	.	.	.	.	.	18,000,000

A report by the Russian Director-General of the railway published in Moscow in April 1934 gives the following figures for the year 1933: receipts, 35,800,000 gold roubles; expenses, 23,700,000 gold roubles.

to the Soviet Government by the two Sino-Russian agreements of the year 1924.<sup>1</sup> China, even if she could not in present conditions make a valid claim of ownership, could—and in the event did—maintain a right of veto, on the strength of clauses in the 1924 agreements providing that the future of the railway was to be settled by China and Russia alone, ‘to the exclusion of any third party’, and, further, that no agreements should be made to prejudice the sovereign rights and interests of the two signatory countries. The ‘Manchukuo’ Government claimed to have inherited China’s own rights in Manchuria, while, on behalf of the French interests represented by the Banque Franco-Asiatique,<sup>2</sup> it was pointed out that the major part—estimated variously at from sixty to seventy per cent.—of the capital subscribed for the construction of the C.E.R. had been contributed by French investors.

The person of the purchaser presented a further complication. The Soviet Government’s proposal seems to have been in the first instance to sell their rights to Japan. In this, however, as in other matters touching the C.E.R. in which third parties were concerned, Tokyo was firmly insistent upon the independence of ‘Manchukuo’, and would consent only to act as ‘intermediary’. This attitude on Japan’s part drew sharp retorts from the Soviet Government on several occasions during the year when the responsibility for the actions of the ‘Manchukuo’ railway administration had given rise to dispute, Monsieur Karakhan being reported to have observed to Monsieur Ota in a conversation on the C.E.R. problem early in May that ‘it is futile for Japan to pretend that it is a matter for settlement between Russia and “Manchukuo” and is no concern of Japan’s’. In regard to the question of sale, however, Moscow gave way and agreed to deal with the ‘Manchukuo’ Government as the principal in the transaction.

The Japanese reply to the Soviet Government’s intimation of their readiness to sell their rights in the railway was a proposal that a conference should take place in Tokyo between the representatives of the Russian and ‘Manchukuo’ Governments with the mediation of Japan. The Japanese Government went through the formality of obtaining the consent of the Government at Hsinking and com-

<sup>1</sup> See the *Survey for 1925*, Vol. ii, Part III, section (ii).

<sup>2</sup> The Russo-Asiatic Bank went into voluntary liquidation in 1926. The Chinese Government claimed the right to liquidate the branches in China, and established an official Liquidation Office under the Ministry of Finance for the purpose. The official liquidator of the head office in Paris allowed the assets under his control to be transferred to a newly formed company, the Banque Asiatique.

municating it to Moscow, and arrangements were concluded for the Conference to open on the 26th June. As principal delegate to the Conference the Soviet Government nominated Monsieur Yurenev, their Ambassador in Tokyo, while the 'Manchukuo' nominees were Mr. Ting Shih-yun, Minister to Japan, and Mr. Ohashi (a Japanese), the 'Manchukuo' Vice-Minister for Foreign Affairs.

These preparations for a radical settlement of the railway problem did not prevent the aggravation of the dispute which was already in progress between the managing partners. The Manchurian Government's demand for the return of the rolling-stock remained without effect; and at the end of May the railway traffic was interrupted at Pogranichnaya on the eastern, as it had been interrupted already at Manchuli on the western, frontier. In further notes exchanged between the Japanese and Soviet Governments on the 26th and 31st May, the former refused responsibility for unfriendly acts on the part of 'Manchukuo' officials or brigands, and complained of subversive activities on the part of Soviet citizens, while the Soviet note again insisted upon the impossibility of Japan evading her responsibilities in Manchuria, and demanded the return of the Russian rolling-stock held on the C.E.R. before there should be any restoration of the C.E.R. rolling-stock held on the Russian lines.

In the meantime the news of the proposed negotiations for the sale of the railway by Russia to 'Manchukuo' naturally did not pass unheeded by China; and on the 16th May a note was presented to Monsieur Litvinov by Dr. W. W. Yen, the Chinese Ambassador in Moscow. The note expressed surprise at the total disregard of treaty obligations which was involved in the Soviet Government's action, and protested against the conclusion of 'an unlawful transaction with an unlawful régime'. Reference was made to Russia's undertaking in Article 9 of the 1924 Sino-Russian Agreement, quoted above; and the Chinese Government claimed that the validity of the 1924 agreements and the status of the railway remained unaffected by China's exclusion by *force majeure* from her participation in the railway administration.

The Chinese Government [the note concluded] is constrained to protest most emphatically against the proposed sale by the Government of the U.S.S.R. of its interest in the Chinese Eastern Railway, and expresses the earnest hope that it will reconsider its attitude in regard to this question, in the light of the agreements of 1924.

This protest, supplemented by a claim, from the Chinese liquidator of the branches in China of the Russo-Asiatic Bank, for prior settlement of the railway's obligations to the Bank, was met by a denial

that the 1924 agreements put any restriction upon the right of the Soviet Government to sell the railway to any purchaser, and least of all the *de facto* Government of Manchuria, 'which is carrying out the rights and duties assigned to the Chinese in the Peking-Mukden Agreements'. Monsieur Litvinov further argued that the Chinese Government had forfeited any formal or moral right to appeal to the 1924 agreements by their failure for the last eighteen months to fulfil their own obligations in the terms of these agreements, or to take any steps to assure the normal working of the railway. 'The Soviet Government', Monsieur Litvinov declared, 'was always ready to sell the railway to China, but the latter was not in a position to buy it.' Finally, in reply to an intimation in the Chinese note that the proposed sale would be contrary to the interest of peace, Monsieur Litvinov asserted that

our proposal is another demonstration of the Soviet desire for peace. I am convinced that only those can oppose it who, for one reason or another, are interested in promoting conflict in Soviet-Japanese or Soviet-Manchurian relations.

Before the June conference opened, it was confirmed that the figure demanded by Russia was 300,000,000 gold roubles, the equivalent of £30,000,000 at the official rate of exchange, but that only a small proportion of the total was demanded in cash. The basis for arriving at this figure was said to be the construction cost of the railway, which, at the time, was estimated at about £40,000,000. The Japanese counter-proposal, which was also made public, was for a purchase price of 50,000,000 to 70,000,000 yen. This was little more than one-tenth of the price suggested by Moscow; and the value of the Japanese offer was further diminished by the attachment of the condition that the Soviet Government should accept responsibility for the pre-war obligations of the railway; for this would have included the claims of the original bondholders, of the liquidation office in China of the Russo-Asiatic Bank, and of the Bank's *soi-disant* successor, the Banque Franco-Asiatique. In publishing their offer, the Japanese Government added a reminder that Russia's debt to Japan amounted to something like 350,000,000 yen.

After opening the conference on the 26th June, 1933, the bargaining crystallized into a Soviet demand of 250,000,000 gold roubles (40,000,000 of which were to cover forestry rights and land) and a Japanese counter-offer of 50,000,000 yen. It was not surprising, therefore, that after the conference had been in session for a fortnight the newspapers reported a complete deadlock on the question of price. At the end of rather more than a month the Russian figure

was again reduced by 50,000,000 gold roubles. The 'Manchukuo'-Japanese delegation stood firm on their original offer, but attempted to bridge the difference by proposing that the rate of exchange to be applied to the Russian figure should be, not the official rate, but a rate in harmony with the current value of the rouble. In the case of Japanese payments to Russia for the leasing of fishing rights, the rate had been fixed at approximately three roubles to the yen; and if the same rate were accepted for the present purpose, the effect would be to reduce Moscow's demand to little more than the sum offered by Japan.

For another six weeks the conference continued, without making any visible advance towards a successful conclusion. On the 23rd September—shortly after Mr. Hirota's assumption of the post of Foreign Minister in Tokyo—a storm broke on the proceedings in the shape of a violent protest from the side of the Soviet Government, who claimed to have information of a plot by the 'Manchukuo' authorities, instigated by Japan, for taking forcible control of the railway. The Manchurian authorities were accused of the intention of altering the status of the Russian General Manager and of taking police action against other Soviet employees. The Soviet Government declared that such measures would be regarded as an intolerable attempt to alter the *status quo* of the railway, the direct responsibility for which would have to be borne by the Japanese Government. Two days later, on the 25th September, the events anticipated by Moscow were partly realized through the sudden arrest of six of the senior Russian members of the railway staff on charges of official misconduct. Monsieur Rudy, the General Manager, appointed new men, only to find their authority immediately challenged by their Manchurian colleagues. On the 28th September a further protest was lodged by the Russian Ambassador in Tokyo, who described the arrests as being, according to information in the possession of his Government, 'the beginning of a carefully worked-out plan adopted in Harbin at a series of meetings of the Japanese military mission and the responsible Japanese administrators of Manchuria'. 'The Soviet Government', Monsieur Yurenev added, 'was prepared, if necessary, to publish documentary evidence.' Ten days later the Soviet Government made public the documents to which Monsieur Yurenev referred. The most important of them were a series of reports addressed to the Japanese Foreign Minister from the Japanese Embassy in Manchuria, containing accounts of meetings of Japanese military and civil officials of 'Manchukuo' to evolve plans 'to turn the Tokyo negotiations for the purchase of the C.E.R. to our advan-

tage by making use of active measures of pressure'. Changes were to be made, if necessary by force, in the management and personnel of the railway, with a view to eliminating effective Russian control. A public denial of the authenticity of these documents was at once issued by the Japanese Foreign Ministry, which declared that no reports of the kind had ever been received from their Ambassador in Manchuria.

The high feeling excited in Russia by this alleged discovery of Japanese bad faith, and the indignation created in Japan by Moscow's publication of what were declared to be forgeries, brought Russo-Japanese relations to the most critical pitch which they reached during the year. The Japanese Press again became full of reports of Russian reinforcements in Eastern Siberia; and the Japanese military authorities—whose incentive to foment public feeling was increased by the fact that they were fighting for an increased allocation in the budget—gave out officially that they had information of the massing of 140,000 men in the neighbourhood of the frontier, besides 300 tanks and several hundred aeroplanes. The new Foreign Minister, Mr. Hirota—who had served as Ambassador to the U.S.S.R. between the years 1930 and 1932, and was credited with having initiated at Moscow the idea of a transfer of Russian rights in the C.E.R. to 'Manchukuo'—made manifest efforts to relieve the state of crisis, but his attempts to improve relations met with obstruction from the military party in Japan, who clamoured for sterner measures against Russia and demanded the withdrawal of the documents published by the Soviet Government. On the 13th October matters were made worse by a further series of arrests of Russian employees on the C.E.R.; and it was reported from Harbin that the administration of the railway was being reduced to a state of confusion by the action of the Manchurian railway officials in countermanding all orders issued by their senior Russian colleagues. In such circumstances, it was not to be expected that the Tokyo negotiations would prosper. They were, in fact, discontinued from early in October until the end of the calendar year. On the 29th December Monsieur Litvinov, speaking at a meeting of the Central Executive Committee, referred to the negotiations and declared that they would not be resumed so long as the 'Manchukuo' administrators of the railway continued their arbitrary acts and traffic remained paralysed. The only further developments in the affairs of the C.E.R. up to the end of the year were the appointment in December, by the 'Manchukuo' Government, of a new Manager who was to share the authority of Monsieur Rudy, the Russian General Manager, and the presentation, two days



later, of a formal warning, by the Soviet Consul at Harbin, to the effect that the steps taken by 'Manchukuo' in regard to the C.E.R. were considered as devoid of legality and that his Government reserved the right to demand an indemnity for losses incurred.

As the focus of disagreement between Japan and Russia and, potentially, the principal danger-point in the immediate future, the affairs of the C.E.R. have been dealt with in some detail. This may usefully be followed by a more general summary of Russo-Japanese relations as they developed in the course of the year. From the point reached in February, when the Soviet Ambassador in Tokyo gave his optimistic picture of relations between the two countries,<sup>1</sup> relations grew steadily worse. Writing from Moscow in July, the correspondent of *The New York Times* discerned a perceptible hardening in the Russian attitude towards Japan. This he interpreted as the result partly of irritation over the C.E.R., partly of the increasing sense of confidence which Moscow had derived from the conclusion of non-aggression pacts with her Western neighbours.

This stiffening of the Russian attitude coincided in date with increasing indications of a *rapprochement* between the United States and the Soviet Union, which, it is reasonable to suppose, were not without their effect on the Far Eastern situation. In the second week in October, when relations between Russia and Japan appeared to be strained almost to breaking-point, there occurred the first definite move towards an American recognition of the U.S.S.R. in the form of President Roosevelt's letter to President Kalinin.<sup>2</sup> The date of this event marked a turn of the tide in the Far East, and, from then onwards, the prospect of an immediate outbreak of war sensibly diminished. General Araki, who was notorious for his bellicose utterances in the past, was reported by the *Temps* on the 25th October to have declared that Japan had no intention of attacking the Soviet Union—though he added the warning that her patience might be exhausted. On the 6th November Mr. Hirota invited the Russian Ambassador to a discussion of outstanding points of difference, and four days later he put forward a concrete proposal that Russia and Japan should mutually undertake to put an end to military activity along the Siberian 'Manchukuo' borders—a proposal which he explained as an extension of the demilitarization clauses in the Treaty of Portsmouth which had applied to the existing Russo-Japanese frontiers in Korea and Sakhalin.

It is difficult to estimate the effect on relations between Russia and Japan of the publication on the 2nd December, 1933, of the

<sup>1</sup> See p. 519 above.    <sup>2</sup> See section (vi) of this part of the present volume.

annual report of the United States Secretary of the Navy, with its recommendation for the adoption of a building programme which would bring the United States Navy up to Treaty limits by the 31st December, 1936;<sup>1</sup> but it is hardly open to doubt that this acted as a further encouragement to the Soviet Government in its new-found spirit of assertiveness. Whatever the cause may have been, the closing days of the year were marked by a plethora of challenging speeches from leading statesmen in Moscow. That delivered by Monsieur Litvinov on the 29th December, 1933, before the Soviet Central Executive Committee, is of sufficient importance to be given particular mention. Having pronounced Japan to be 'the darkest thunder-cloud on the international horizon', Monsieur Litvinov referred to the Japanese answer to the proposal for the sale of the C.E.R., and described this as amounting to the contemptuous offer of a sum so small as to reduce the sale to a gift. A Japanese group which was not without influence in the politics of that country was (he went on to say) openly talking of the seizure of the Maritime Province, if not of the entire Far Eastern domain of the Union; Japanese troops were massed, and munitions were accumulating, near the Soviet borders, while roads and railways were being constructed along lines directed against Russia. Japan, he concluded, was threatening not only to seize the railway, but also to violate the Soviet frontiers.

Although the alarmist utterances of Monsieur Litvinov and a number of his colleagues drew remonstrances from official spokesmen in Japan, the general reaction in that country, when compared with the tone of Japanese writers and speakers at earlier periods in the year, was markedly calm and restrained, and it became clear to outside observers that if the provocation of a Russo-Japanese war had previously been in the minds of the present masters of Japan, this was, for the time at least, no longer part of their policy.

To complete this résumé of Russo-Japanese relations in Eastern Asia in 1933 it is necessary to make some mention of the 'new policy for the Far East' which was included in the Soviet Government's scheme of national planning. To quote General Blücher, the Commander-in-Chief of the Far Eastern forces:

During the first Five-Year Plan we invested in the Soviet Far East more than the Czarist Government had invested during the whole of its existence. The second Five-Year Plan lays down a vast programme of Socialist industrial development of this area.<sup>2</sup>

<sup>1</sup> See p. 542 below.

<sup>2</sup> Twenty-five per cent. of the proposed capital investment under the second Five-Year Plan was to be devoted to the industrialization of Asiatic Russia.

On the 11th December, 1933, a Government decree was published in Moscow announcing a number of special concessions for the population of Eastern Siberia, as well as for the personnel of the army stationed in that territory. Exemption from compulsory deliveries of grain and rice was accorded to the Eastern Siberian peasants for ten years in the case of 'collective' farmers and five years for others. The State prices of fish from Far Eastern waters were increased. The pay of employees was raised by ratios ranging from 10 per cent. to 30 per cent. In the matter of military pay, junior officers and soldiers were to receive a 50 per cent. increase, senior officers 20 per cent.

These concessions were made, it was explained, as the result of a report by the Chairman of the Far Eastern Administration on means of attracting settlers. As a matter of fact, a flight of population from the Pacific border had begun—a result, apparently, of the general nervousness over the prospect of war with Japan. This emigration was reported to have ceased as a result of the measures taken, and many thousands of workers and employees in the Vladivostok area were stated to have signed pledges to remain for a definite number of years.<sup>1</sup>

#### (vi) The Recognition of the U.S.S.R. by the United States, and the Building of the American Navy up to Treaty Limits

In another chapter of the present part,<sup>2</sup> as well as in previous volumes in this series,<sup>3</sup> some account has been given of the efforts of the United States Government, from the 18th September, 1931, onwards, to deal with the Sino-Japanese conflict in the Far East by diplomatic means—partly in concert with the League of Nations, and partly along a parallel but independent course of their own. These strenuous and patient diplomatic endeavours, which were made by the United States, in common with a great majority of the countries of the World, ended on the 24th February, 1933, as has been recorded above,<sup>4</sup> in a pronouncement of judgement on the part of the League, with the publicly declared concurrence of the United States Government,<sup>5</sup> and in an explicit refusal, on the part of Japan, to accept the verdict of her peers. *De facto*, Japan remained in military and

<sup>1</sup> A decree conferring similar privileges on workers, peasants, and soldiers in the territories of Transbaikalia and the Buriat-Mongolian Republic was promulgated in February 1934. Concessions of the same nature were also extended to other regions along the southern frontiers of the U.S.S.R.

<sup>2</sup> Section (iv) above.

<sup>3</sup> The *Survey for 1931*, Part IV, section (iii) (b) (4); the *Survey for 1932*, Part V, section (iv) (b).

<sup>4</sup> See pp. 504–510.

<sup>5</sup> See p. 510 above.

political control of the Three Eastern Provinces of the Chinese Republic in Manchuria, which she had occupied, since the 18th September, 1931, by a high-handed use of her superior military force. She proceeded forthwith to add to her conquests a further portion of the Chinese Republic's domain in the shape of the Eastern Inner Mongolian province of Jehol; and she showed every intention of forcing the Russians to relinquish, on Japanese terms, their rights in the C.E.R.—a Russian asset which was now in the Japanese Army's power.<sup>1</sup>

In the diplomatic field the only point of vantage which was still held by the opponents of Japan's action in Manchuria was their non-recognition of Japan's puppet Government of 'Manchukuo'. In this matter of non-recognition, the Governments of the States Members of the League and the Government at Washington were presenting a united front; and it was conceivable that this policy, abstract and negative though it was, might bear fruit in the long run. In the meantime it seemed a small thing to set against Japan's vast and undisputed *de facto* gains which were the immediate rewards of her disloyalty and intransigence;<sup>2</sup> and while the rather academic attitude of non-recognition might perhaps bring some slight consolation to the public opinion of those small European States Members of the League whose stake in the Far Eastern controversy was mainly a matter of principle, it could hardly satisfy either the people or the Government of the United States: a Great Power with vital concrete interests in the basin of the Pacific, on whose opposite coasts the Japanese were now so rapidly and effectively extending the range of their control. It was to be expected that the United States would seek to redress a balance which had inclined so heavily to Japan's advantage in the material sphere by taking counter-measures of a practical as well as an academic kind; and two practical steps suggested themselves: a strengthening of the United States Navy for action in the Pacific, and a *rapprochement* with the U.S.S.R.: another

<sup>1</sup> See the preceding section.

<sup>2</sup> These are strong terms; yet it would be difficult to convey in milder language a frank description of the moral character of Japanese public policy in this matter, even when the utmost allowance has been made for any special circumstances in the Japanese case; and to leave the moral issue out of account, *more machiavelliano*, would mean ignoring one of the vital factors in the history of this transaction. The potency of moral feelings as objective forces in international affairs had been demonstrated by the effect of the world-wide indignation at the German invasion of Belgium in 1914 in contributing to the military defeat of Germany four years later. The example indicates that the moral indignation which was aroused by Japanese action in the years 1931-3 was likely to be an historical factor of considerable importance.

Great Power which was still more closely concerned than was the United States itself in the direct effects of Japanese military expansion on the Asiatic Continent. In the event, the new Administration which came into office at Washington on the 4th March, 1933, under the Presidency of Mr. Roosevelt, took noteworthy steps in both these directions before the close of the calendar year.

The non-recognition of the Soviet Government had been one of the political luxuries in which the United States had felt itself free to indulge during the period of peculiar local prosperity in North America which may be said to have begun on the morrow of the Armistice of the 11th November, 1918, and to have ended with the break on Wall Street in the autumn of 1929 on the economic plane, and on the political plane with the Japanese outbreak in Manchuria in the autumn of 1931. During those years of prosperity the Americans had felt no need of Russia's good will, either in politics or in trade, while they had resented the existence of the Communist régime, in the former domain of the Russian Czardom, as an incarnate criticism—outrageously insolent and insufferably inept—of an established system of society whose virtue was demonstrated, in the American opinion of the day, by the dazzling success of its local incarnation in the United States. This passionate and almost personal antagonism to the Soviet Government was prevalent, during the years of prosperity in the United States, in the American-born upper stratum of the American working class as well as among the bourgeois business men, small and great; and any sympathy towards Soviet Russia which was manifested by the American proletariat or intelligentsia was branded as 'un-American' and subversive by the makers of orthodox American public opinion. It was therefore a portent when, in the last months of the Hoover Administration, which were the first months of the calendar year 1933, the agitation, among the intellectuals in the United States, for an official recognition of the Soviet Government—an agitation which had hitherto fallen on deaf ears—rather suddenly began to make some headway among the business men and the politicians.

At the end of January 1933, a petition in favour of recognition, which was addressed to the President Elect by some 800 college presidents and members of faculty, was offset by a reaffirmation of hostility to the idea on the part of the President of the American Federation of Labour, Mr. William Green. On the 12th April, however, when, after the change of Administration, Senator Robinson of Indiana sought to counteract a renewed public agitation on behalf of the idea by speaking against it in the Senate at Washington, the

Senator drew an energetic and persuasive advocacy of recognition from his more influential colleague, Mr. Borah. During the World Economic Conference which was in session in London on the 12th June–27th July, 1933, there were reports in the American press of conversations between Monsieur Litvinov and Mr. William C. Bullitt: a member of the United States delegation whose name had come into prominence fourteen years earlier, during the Peace Conference of Paris, when he had been sent on a mission to Moscow to study economic and political conditions and also, if possible, to find a basis for peace negotiations between the U.S.S.R. and the Allied and Associated Powers. On the 2nd July, a committee of business men, lawyers, bankers, economists and university presidents—including Mr. T. W. Lamont, Professor Taussig, Professor Viner, and Dean Roscoe Pound, among others—was set up by the American Foundation, a society which interested itself in promoting closer relations between the United States and the rest of the World, in order to study what effect a recognition of the Soviet Government would have upon American business. On the 12th July, recognition was publicly advocated—in this forum, not for the first time—by the American-Russian Chamber of Commerce.

In this active public ventilation of the recognition question in the United States, the probable benefit to American business was the chief, and, indeed, almost the only argument that was put forward by the advocates of recognition, while the opponents of it took their stand in part on the practical argument that a Soviet Embassy in Washington would become a centre for Communist propaganda in the United States, but to a larger extent upon the ground that, in principle, it was improper for the United States to recognize officially a Government that had shed innocent blood, confiscated private property, persecuted religion and repudiated debts. In all this public discussion the question of redressing the rudely disturbed balance of power in the Pacific was barely mentioned and was perhaps hardly in the minds of the majority of American citizens who were taking an interest in the debate. On the other hand, the Soviet Government, from the first moment when they had an opportunity of making their voice heard, made no secret of the fact that, in their mind, the political consideration was uppermost; and there can be little doubt that this consideration also played an important part in the private counsels of the Administration at Washington.

For obvious diplomatic reasons, arising out of the delicacy of the relations between the United States and Japan, the American Government were content to allow the commercial motive to loom largest

on the American side. Yet, on an objective view, this was one of the weakest of the grounds on which the case for recognition was based. It was weak because, during the thirteen years that had passed since the end of American military intervention on Russian soil, the trade which had been carried on by private American citizens with the Soviet Government under a régime of non-recognition could compare quite favourably, both in volume and in profit,<sup>1</sup> with the Russian trade of Germany, who had recognized the Soviet Government in 1922,<sup>2</sup> and with the Russian trade of the United Kingdom and Italy, who had given the Soviet Government their recognition in 1924.<sup>3</sup> Indeed, American commercial relations with Soviet Russia had been conspicuously free from 'incidents' of the kind which both the Germans and the British had experienced.<sup>4</sup> As lately as the 2nd July, 1933, when the United States and the U.S.S.R. were still officially not on speaking terms with each other, it was reported that a very large contract had been made between the Amtorg Trading Corporation, which was the commercial agency of the Soviet Government in the United States, and the Reconstruction Finance Corporation, which was an economic and financial agency of the United States Government.<sup>5</sup> No doubt, in official as well as in unofficial American circles, the increasing pressure of the World Economic Crisis upon American life was acting, in 1933, as a powerful stimulus to the exploration of all conceivably feasible ways and means of counter-acting the decline in the foreign trade of the country; and in such circumstances there would be a natural desire to remove a political impediment, in the shape of non-recognition, to the flow of trade

<sup>1</sup> The *Foreign Commerce Yearbooks* of the U.S. Department of Commerce give the following statistics of the value of the trade between the U.S.S.R. and Germany, Great Britain, Italy, and the U.S.A. for the years 1924-5 to 1928-9 and 1929 to 1932, in millions of dollars.

	1924-5 to 1928-9.		1929 to 1932.	
	<i>Imports into U.S.S.R.</i>	<i>Exports from U.S.S.R.</i>	<i>Imports into U.S.S.R.</i>	<i>Exports from U.S.S.R.</i>
Germany . . .	452	393	608	334
Great Britain . .	233	387	154	455
Italy . . .	25	73	39	78
U.S.A. . .	417	76	362	63

<sup>2</sup> See the *Survey for 1920-3*, pp. 30-1.

<sup>3</sup> See the *Survey for 1924*, Part I C, sections (iii) and (iv).

<sup>4</sup> See the *Survey for 1930*, p. 126. The dispute between Great Britain and the U.S.S.R. over the trial of British employees of Metropolitan-Vickers Ltd. on charges of sabotage will be dealt with in a future volume of the *Survey*.

<sup>5</sup> See an article by Mr. R. L. Buell in *The New York Times*, 16th July, 1933.

between the United States and a foreign country so large, and potentially so rich, as Russia, and a natural hope of an increase in this particular stream of trade in the event of the impediment being removed successfully. At the same time, a mere comparison of dates suggests that the question of the balance of power in the Pacific was an important consideration in the United States Government's mind; for President Roosevelt's message of the 10th October, 1933, to the President of the Central Executive Committee of the Soviet Union, Monsieur Kalinin, which opened the Americo-Russian recognition negotiations, was despatched less than eight months after the Geneva verdict of the 24th February, less than six months after the announcement, on the 1st May, of the United States Government's decision to allocate a sum of \$46,000,000 for naval construction from the Federal Public Works Programme, and at approximately the same interval after the serving of the Japanese notice of intention to secede from the League of Nations.<sup>1</sup>

The message which President Roosevelt despatched to President Kalinin on the 10th October, 1933, was in the following terms:

From the beginning of my Administration I have thought it necessary to make an attempt to end the present abnormal relations between the 125,000,000 people of the United States and the 160,000,000 people of Russia. It is regrettable that these two great peoples, between whom friendship has existed for more than a century, should have no practical method of maintaining direct relations with each other. The difficulties which have created these abnormal situations are great, but in my opinion they are not insurmountable. But the difficulties can be overcome only by sincere and friendly discussion. If you are of the same opinion, I shall be glad to receive any representative indicated by you to discuss personally with me all questions dividing our two countries. Participation in such a discussion would not bind either side in regard to future action, but it would indicate the sincere wish to come to a settlement of the problems in question. I hope that such a discussion may have good results for the peoples of both countries.

To this message, the following reply was promptly despatched by President Kalinin:

I have received your message of the 10th October. I have always considered it extremely abnormal and regrettable that for sixteen years the two great Republics, the Soviet Union and the United States of America, should not have had the usual method of regulating relations, and the advantages which these relations could give. I am glad to learn that you have come to the same conclusion. There is no doubt that the difficulties between our two countries can be settled if there are direct relations between them. On the other hand there is no possibility of their being settled without such relations. I permit myself

<sup>1</sup> See p. 515 above.



further to express the opinion that the abnormal conditions to which you justly refer in your message have an unfavourable effect not only on the relations of our two countries, but on the general international situation, increasing disquiet and anxiety for general peace and strengthening the views violating this peace. I accept with pleasure your proposal to send a representative to America to discuss with you the questions interesting our countries. The representative of the Soviet Government will be Monsieur Litvinov, Commissar for Foreign Affairs, who will arrive in Washington as soon as a date can be arranged.

The texts of these two messages were communicated to the American Press by Mr. Roosevelt himself on the 20th October, and the initiative which he had taken received an immediate and warmly worded blessing from Senator Borah, who sounded the note, already struck by Monsieur Kalinin, that a resumption of friendly relations between Russia and the United States would be a great stroke in the cause of peace. In the editorial comments of the American Press, the commercial aspect of the transaction was still placed in the foreground; but the peace note was sounded by Monsieur Litvinov, with ever increasing emphasis, from beginning to end of his seventeen days' sojourn on American soil. It was the central point in the statement which he made upon landing in New York on the 7th November; in the speech which he delivered in the same city, on the 24th (after his negotiations with Mr. Roosevelt at Washington had been brought to a successful conclusion), at a dinner given in his honour by the American-Russian Chamber of Commerce and the American-Russian Institute; and finally in the farewell letter which he addressed to President Roosevelt on the same date. In fact, it was evident, and undisguised, that the Soviet Government, at any rate, saw, in this resumption of friendly relations between Russia and the United States, a timely and potent safeguard against the menace of a Japanese military assault upon the Far Eastern territories of the Soviet Union.<sup>1</sup>

The negotiations between Monsieur Litvinov and President Roosevelt at Washington, which lasted from the 8th November, 1933, to the 16th, were both strenuous and cordial, because both parties were determined to achieve success; but they were not facile; for there was also a strong determination on both sides to handle and dispose of the real difficulties and not to be content with a paper settlement which would slide over the practical obstacles and would thereby threaten to breed disappointments and recriminations at a later stage. After the whole problem had been threshed out for nine days in this vein,

<sup>1</sup> For the possible imminence of this menace at this date, see section (v) of this part of the present volume.

official relations between the United States and the U.S.S.R. were established at 11.50 p.m. on the 16th November, 1933, sixteen years and nine days after the day on which the Soviet Government had originally come into existence.

The several engagements which were entered into by President Roosevelt and Monsieur Litvinov, on behalf of their respective Governments, were embodied in eleven letters and one joint statement. A tender of recognition on the President's part was answered by the Commissar in a letter of acknowledgement and acceptance. A Russian pledge to abstain from propaganda in the United States was taken note of in an American letter which at the same time promised reciprocity (an elegant but practically otiose piece of diplomatic courtesy!). An American claim for freedom of worship on behalf of American citizens taking up their residence in Soviet territory was met by Russian assurances on this point. There was a similar exchange of letters on the protection of American nationals in Soviet territory (with an appended explanatory note by Monsieur Litvinov on the definition, in the Soviet Union, of economic espionage); and another exchange of letters on commercial claims and counter-claims. There was also a letter from Monsieur Litvinov waiving Russian claims against the United States for damage done by American military forces in Siberia in 1918-21. The joint statement announced that a speedy and satisfactory solution was expected in regard to all outstanding questions of claims and indebtedness.

Since the full texts of these documents are printed in a companion volume to this,<sup>1</sup> it is unnecessary to give any systematic summary of their contents in this place; and it will be sufficient to mention a few of the more interesting and important features of the Russo-American agreement.

The pledge to abstain from propaganda, which Monsieur Litvinov gave to President Roosevelt at Washington on the 16th November, 1933, resembled the definition of the aggressor, which the same Russian statesman had laid before the Disarmament Conference at Geneva on the 6th February,<sup>2</sup> in being the most comprehensive and 'fool-proof' formula, for its purpose, to which any post-war statesman, Russian or non-Russian, Communist or non-Communist, had so far set his name.

In answer to Mr. Roosevelt's carefully framed demand for guarantees of liberty in religious worship, instruction, and practice for American residents, and for their children, in Soviet territory,

<sup>1</sup> See *Documents on International Affairs*, 1933, pp. 459-72.

<sup>2</sup> See p. 234 above.

Monsieur Litvinov took the opportunity of citing, *in extenso*, a number of texts from the Soviet Government's legislation, as well as a passage from the Russo-German Treaty of the 12th October, 1925.

As for the exchange of letters regarding the protection of American nationals in Soviet territory, Monsieur Litvinov let it be known, in a statement which he made to the National Press Club at Washington on the 17th November, that this had been the first subject to be broached by President Roosevelt at the beginning of the negotiations. The experiences of certain British residents in the Soviet Union in 1933 and of certain German residents in 1928 were doubtless in the President's mind; and, in his reply to Monsieur Litvinov's assurances on this matter, the President gave notice

that American diplomatic and consular officers in the Soviet Union will be zealous in guarding the rights of American nationals, particularly the right to a fair and public speedy trial and the right to be represented by counsel of their choice.

Another safeguard which was manifestly devised in the light of Russo-British and Russo-German 'incidents' in the past was Monsieur Litvinov's supplementary statement on the definition of economic espionage, which has been referred to above.

The letter in which Monsieur Litvinov waived any claims of the Soviet Government for compensation in respect of the American military operations in 1918-21, in Russian territory in the Far East, has so close a bearing upon the question of the balance of power in the Pacific that it may be quoted *verbatim*:

I have the honour to inform you that, following our conversations and following my examination of certain documents of the years 1918 and 1921 relating to the attitude of the American Government toward the expedition into Siberia, the operations there of foreign military forces and the inviolability of the territory of the Union of Soviet Socialist Republics, the Government of the Union of Soviet Socialist Republics agrees that it will waive any and all claims of whatsoever character arising out of activities of military forces of the United States in Siberia, or assistance to military forces in Siberia subsequent to the 1st January, 1918, and that such claims shall be regarded as finally settled and disposed of by this agreement.

The truth, of course, was that the purpose of the United States Government in maintaining American troops, during those years, on former Imperial Russian soil in the Far East had been to prevent Japanese militarism, rather than Russian Communism, from entering into this portion of the defunct Russian Czardom's heritage.

The announcement of this Russo-American agreement of the 17th November, 1933, was accompanied by the appointment of Mr. William

C. Bullitt to be the first American Ambassador in Moscow, and of Monsieur A. A. Troyanovsky to be the first Soviet Ambassador in Washington. Both appointments were felicitous; for Mr. Bullitt's rôle in 1919 had marked him out as one of the oldest friends, in the United States, of the Soviet Government, while Monsieur Troyanovsky was a former Soviet Ambassador in Tokyo who had been *persona grata* with the Japanese. His appointment to Washington was thus a friendly gesture towards Japan and at the same time an assurance that one of the two principal liaison officers between Russia and the United States would be a diplomatist who was acquainted, at first hand, with Japanese policy.

The reception of the agreement of the 17th November, 1933, in the United States showed that President Roosevelt had accurately gauged the temper and attitude of the American people when he took this step at this date. The greater part of the public comment was either approving or at any rate acquiescent, and the drums of the anti-Russian 'die-hards' were muffled, in so far as they were heard at all. This favourable reception of the recognition of the Soviet Government in a great capitalist country where the main current of opinion had so long run in the contrary direction, was an interesting event; and it was the more significant inasmuch as the texts in which the agreement was embodied, comprehensive and explicit though they were, were by no means proof against the stock objections to an agreement of this kind. A hostile critic might have pointed out that much of the Soviet legislation which was cited by Monsieur Litvinov was anterior to the 'incidents' which President Roosevelt had in mind in seeking safeguards, and that therefore this legislation could not reasonably be taken as an effective safeguard of the kind desired. It might also have been asked whether the Soviet Government had the will or the power, in 1933, any more than in 1927<sup>1</sup> or 1924,<sup>2</sup> to check the propagandist activities of the Third International beyond the frontiers of the U.S.S.R. Again, the letter of the Russo-American agreement, however precise, would manifestly become a dead letter if ever either of the parties chose to transgress against its spirit; and even a formal observance of the letter, on the Soviet Government's part, might have been represented as uncertain in view of that Government's record, or alleged record, in the past. At any time between the original advent of the Bolsheviks to power and the beginning of the year 1933, any suggestion that the United States might recognize the U.S.S.R. would have been the signal for a drum-

<sup>1</sup> See the *Survey for 1927*, Part II E, sections (i-iii).

<sup>2</sup> See the *Survey for 1924*, Part I C, section (ii).

fire discharge of all these objections in the newspapers and on the public platforms of North America. The inference is either that the American people, as well as the American Government, believed that some new and effective guarantee of Russian good faith, which did not appear in the terms of the agreement, was nevertheless invisibly present now; or else that the Americans were now inclined to be less exacting in the matter of guarantees because they were now more eager for a *rapprochement* with the Soviet Union—whether for economic or for political reasons. Probably the true explanation of the change in the American attitude is to be found in a combination of both these factors.

On the one hand, there was undoubtedly a new, and highly practical, guarantee of the Soviet Government's good faith: namely, the genuine and lively fear, in which the rulers of the Soviet Union were living at this time, of being attacked—and this perhaps concerted and simultaneously—by two militant neighbours: the Japan of the 18th September, 1931, and the Germany of the 30th January, 1933. The Russian Communist statesmen manifestly believed that this danger was not merely imminent but grave. In fact, they believed that the very existence of the Soviet Union was threatened. And since the first concern of the rulers of any state is to keep that state in existence, the Communist rulers of the Soviet Union were willing, *bonâ fide*, in 1933 to give up the luxury of Communist propaganda abroad if this were a necessary condition for the salvaging of the Soviet Government. The necessity was in fact inescapable, since the main hope for the Soviet Union, in the opinion of the Soviet Government, lay in establishing a united front with all other countries, of whatever social creed, which stood, as Russia stood, to lose by German or Japanese attempts to achieve, by military force, an alteration in the existing political and territorial *status quo*; and the Soviet Government could not be expected to be received into this company of the Powers with precarious possessions unless they ceased to assail the *status quo* with their own weapon of revolutionary political propaganda. In 1933 the statesmen at Moscow faced the alternatives before them and made their choice; and the circumstances in which they made it were a guarantee that it was genuine and sincere. Accordingly, the new foreign policy of the Soviet Government obtained an unprecedentedly cordial response from the foreign Governments and peoples to which it was addressed; and the general consequence was a profound change in the international relations of the U.S.S.R.: a change which was one of the outstanding international developments of the year. The European aspect of this change is dealt with in

another part of this volume.<sup>1</sup> The Pacific aspect found its chief manifestation in the Russo-American agreement of the 17th November, 1933, which has just been described in this chapter.

The task of Soviet statesmanship in 1933 was, of course, facilitated by the fact that the Governments with which it was seeking a *rapprochement* were likewise alarmed, in some degree, by the Soviet Government's bugbears. The Government at Washington, for example, were manifestly disturbed at the policy of Japan; and this concern in the United States translated itself into action, not only in terms of the diplomatic recognition of the U.S.S.R., but also in terms of American naval construction.

On the 7th March, 1933, three days after the Roosevelt Administration had taken office, and in the midst of the bank crisis, the new Secretary of the Navy, Mr. Swanson, took occasion, in his first interview with the representatives of the Press, to announce that the new Government's policy would be to build the American Navy right up to the limits laid down in the London Naval Treaty of 1930;<sup>2</sup> and he added at the same time that the fleet would be retained, for the present, in the Pacific, where it had been concentrated since the early spring of 1932. On the 1st May, 1933, Mr. Swanson announced that the Administration's Federal Public Works Programme was to include a sum of \$46,000,000 for the purpose of starting construction on thirty warships—an allocation which almost completely offset the cuts in intended expenditure which the Navy Department, like other spending departments of the Federal Government, had been called upon to make. The proposed naval economies were duly worked out; but the orders, for this purpose, which were issued on the 15th May by the Chief of Naval Operations, Admiral Pratt, were overruled by Mr. Secretary Swanson on the 24th; and on the 15th June he was able to announce the President's agreement to a programme for building thirty-two warships within the next three years, with a total contribution of \$238,000,000 out of the \$3,300,000,000 appropriation for public works which had been authorized by the Industrial Recovery Act. It was decided that the work on twenty-one of the ships should be started forthwith, sixteen of them to be financed from the public works allocation, and five from current Navy Department appropriations. While the programme was to extend over three years, it was estimated that \$86,000,000 would be spent in the current year: \$40,000,000 from the regular appropriation, and \$46,000,000 from the public works allocation. The eventual total expenditure was estimated at something like \$300,000,000. Bidding for the construction

<sup>1</sup> See Part II, section (i)(d)(5).    <sup>2</sup> See the *Survey for 1930*, Part I, section (ii).

of the new ships was opened on the 26th July. On the 3rd August it was announced that contracts for twenty-one ships had been allotted to private firms, and for sixteen ships to Government yards. In his annual report, which was published on the 2nd December, 1933, Mr. Secretary Swanson recommended that the annual building programme during the next three years should provide for the construction of 101 ships, in addition to those already approved, in order to bring the fleet up to its full strength by the 31st December, 1936.

In launching this formidable naval construction programme, the United States Government might plausibly argue that the other parties to the Naval Treaty of 1930 had no ground for complaint, seeing that the United States was merely proposing to build up to the limits which the Treaty allowed her, and that hitherto she had been slower in advancing towards her treaty limits than either the United Kingdom or Japan.<sup>1</sup> In both these countries, nevertheless, reactions were evoked by the United States Government's policy.

In Japan, on the 25th August, on the occasion of a naval review by the Emperor in Yedo Bay, at the conclusion of the triennial grand manoeuvres, Mr. Secretary Swanson's war-cry of 'a Navy second to none' was answered, in a Japanese newspaper, in the statement that

our policy is to maintain a Navy strong enough to make it impossible for another Navy to gain supremacy in the Western Pacific except at a cost in losses that would destroy its position as a naval Power.<sup>2</sup>

During the week-end of the 2nd-3rd September, 1933, the Government spokesman at Tokyo announced that the new American naval programme had 'stimulated Japan to accelerate her own naval construction'; and on the 4th December the Japanese Government made known their decision to embark on a supplementary naval construction programme for bringing the Japanese Navy up to full treaty strength by the addition of twenty-two new ships, at a cost which was unofficially estimated in the Japanese Press at 431,688,000 yen, to be spread over a period ending with the financial year 1937-8. It was stated in the Japanese Press on the same day that the Japanese annual naval manoeuvres of August-September 1934 were to be held

<sup>1</sup> On the 20th September, 1933, it was stated officially at Washington that, since the Washington Conference of 1921-2, the United States had laid down 37 ships, aggregating 192,890 tons in all, of which 31, aggregating 190,420 tons were of treaty types; the United Kingdom 139 ships, aggregating 450,726 tons in all, of which 102, aggregating 367,643 tons, were of treaty types; and Japan 154 ships, aggregating 381,944 tons in all, of which 116, aggregating 288,830 tons, were of treaty types. (*The New York Times*, 21st September, 1933.)

<sup>2</sup> The *Nichi Nichi* of Tokyo, 25th August, 1933.

in the same area as the recently concluded triennial grand manoeuvres: that is to say, in the tropical seas of the Western Pacific, between the main islands of Japan and the Equator.

As for the British Government, they appear to have made suggestions to the United States Government, *à propos* of certain ships provided for in the United States building programme, 'that the laying down of any six-inch-gun cruisers, larger than those now in existence, might be deferred during the life of the Disarmament Conference, or at least pending further discussion of the qualitative limitations of future ships'.<sup>1</sup> On the 25th September, at Geneva, Mr. Norman Davis, the United States Ambassador-at-Large, conveyed to the British Secretary of State for Foreign Affairs, Sir John Simon, the American Government's decision that 'it did not see its way clear to alter its delayed naval construction programme or to suspend the laying down of any projected ships'.<sup>2</sup>

These symptoms of a fresh outbreak of those Anglo-American controversies which had wrecked the Geneva Naval Conference of 1927, and had been overcome with some difficulty at the London Conference of 1930, were serious enough; but they were not so serious as the symptoms of a Japanese-American naval competition in the Pacific. Throughout the year 1933 there were indications of a tendency, on the American side, to shift the centre of gravity of American naval power to the Pacific from the Atlantic; and the Japanese naval manoeuvres of August in the Western Pacific were answered by American naval manoeuvres in the Eastern Pacific in October. President Roosevelt, who had shown his characteristic energy and intrepidity in his naval construction programme, as well as in his recognition of the Soviet Government, was certainly not blind to the dangers ahead in the Pacific Ocean, and on the 3rd November, 1933, he made a wisely conciliatory gesture. On that date, after consultation with Mr. Secretary Swanson and with the officials of the Navy Department, the President announced that he had authorized the United States Fleet to make a cruise in the Atlantic in the summer of 1934, though it would probably return to the Pacific in the following autumn. This American official gesture, which involved no great strategic sacrifice for a naval Power which commanded the Panamá Canal, appears nevertheless to have been taken kindly by the Japanese. The general effect, however, of the development of relations between the United States, the U.S.S.R., and Japan during the year 1933 was to extend, over the waters of the Pacific, the lowering clouds

<sup>1</sup> Statement, published on the 26th September, 1933, by the State Department at Washington.

<sup>2</sup> State Department statement, quoted above.



which had been overhanging the Far Eastern quarter of the Eurasian Continent since the autumn of 1931. And a passage from a Latin poet, which has been quoted in an earlier volume of this *Survey* in reference to the political situation in the Pacific at the close of the year 1924, is still more apt as an image of the situation as it had come to be now, some nine years later.

Usque adeo taetrâ nimborum nocte coortâ  
Impendent atrae formidinis ora superne  
Cum commoliri tempestas fulmina coepat.<sup>1</sup>

## (vii) The Philippine Islands and the United States

### (a) INTRODUCTORY

In a previous volume,<sup>2</sup> some account has been given of the American régime in the Philippine Islands during the post-war period down to the latter part of the year 1927, and of the general political, economic, and social situation arising from an American connexion which, by that year, was nearly thirty years old. In the present chapter the narrative of events is carried down to the acceptance by the Philippine Legislature of a Bill which had been enacted by the President and Congress of the United States, and which provided for the eventual independence of this dominion of the United States within a period which, by the terms of the Act, would be longer than one decade but, in all probability, considerably shorter than two. Moreover, the Act of 1934 provided further—this being its chief point of difference, as will appear, from the abortive Act of 1932-3—that, if and when the status of independence contemplated in the Act were duly acquired by the Filipinos, the United States should thereupon relinquish all military bases in Philippine territory and should enter into negotiations for the ultimate settlement of the question of naval bases.

In view of the general change in the international situation in the Pacific and the Far East, following upon the Japanese outbreak of the 18th-19th September, 1931, and its sequel,<sup>3</sup> the passage of this piece of legislation at Washington was clearly of the highest international interest and importance, notwithstanding the fact that it was not to take immediate effect.

<sup>1</sup> Lucretius: *De Rerum Naturâ*, Book vi, ll. 253-5, quoted in the *Survey for 1924*, p. 157.

<sup>2</sup> The *Survey for 1926*, pp. 405-38.

<sup>3</sup> See the *Survey for 1931*, Part IV, section (iii) (b), and the *Survey for 1932*, Part V, section (iv).

On a broad view, the principal interest of the Act was political; for it opened up the prospect of a far-reaching change in the balance of power in Far Eastern waters by promising to reduce American commitments there to vanishing-point at a time when the Japanese were on the war-path. If and when the Filipinos obtained their complete independence of the United States, including the sacred right, or formidable responsibility, of providing exclusively out of their own resources for their own national defence, the probable effect would be the creation of something like a local political vacuum; and since the Philippines happened to lie near the centre of the Far Eastern area of tension, midway between Japan on the one side and Southern China, Malaya and Australia on the other, it was not impossible that this political vacuum might draw the surrounding political forces into a serious collision. This was the aspect of the Philippine independence problem which impressed itself, at the time when the legislation was pending at Washington, not only upon outside observers but also upon the then American Secretary of State, and former American Governor-General of the Philippines, Mr. Henry L. Stimson.<sup>1</sup> This was not, however, the main ground on which the issue of independence was contested, either in the United States or in the Islands themselves. The American public saw the problem first and foremost in terms of American economic interests, while the Filipino intelligentsia were concerned to secure complete political independence from the United States at the lowest economic price to which the Americans could be induced to agree. The question of how, with diminished economic resources, to defend against third parties the political independence which the United States was conceding, was a matter to which the Filipinos appear to have given little consideration at this stage—even after its importance and urgency had been advertised, in a sensational way, by the renewed militancy of their Japanese neighbours.

The political and economic aspects of the problem of Philippine independence were linked together by the taking for granted on the American side, and the tacit acceptance on the Filipino side, of a principle, governing the relations between the Philippines and the United States, which was a credit to the American people. This principle was that, so long as the Philippines remained a dependency of the United States, the Filipinos must count as children of the household and must not be denied those economic advantages in the United States which would belong to them by natural right as members of the family. These advantages included the free

<sup>1</sup> See pp. 564-5 below.

importation of Philippine products and the free immigration of Filipino labour into the Continental United States; and this free access to what was by far the greatest single national market in the whole World became more and more lucrative to the Filipinos in proportion as foreign goods and foreign labour were excluded from entry more and more jealously by the flowing tide of protectionism and isolationism in contemporary American policy. As this process went on, the previously unchallenged natural right of the Filipinos came to wear the appearance of an extraordinary privilege; and this privilege became conspicuous, and intolerable, in the eyes of Continental United States producers and workers with whom Philippine labour and products were in competition, as soon as the United States began to feel the full force of the World Economic Depression.

Therewith, the political agitation in the United States for the exclusion of Philippine imports and immigrants redoubled its activity; and in view of the accepted axiom that the United States could not legitimately free itself from Philippine economic competition except through the act of freeing the Philippines from American political domination, the political independence of the Philippines, as a vital and urgent American interest, became a battle-cry in the domestic politics of the United States, while a counter-campaign was launched by American commercial companies which had sunk capital in Philippine plantations in the belief that Philippine-grown sugar and other tropical products were assured of free access to the United States market.

In consequence of the peculiar American blend of political altruism with economic selfishness, the twentieth-century neo-mercantilism of the Western World here produced a relation between a tropical dependency and its Western political masters which was the exact reverse of the typical eighteenth-century situation. In the eighteenth century, Western Powers had clung to their political control over tropical dependencies in order to turn political ascendancy to account for economic exploitation. In the twentieth century, the United States was now seeking to thrust political independence upon the Philippines, even more rapidly than the Filipinos themselves had quite bargained for, in order to protect its own home market against Filipino competition.

These were the principal factors governing the course of American-Philippine relations during the seven and a half years ending in the summer of 1934. We have now to carry down the record to this date from the point at which the narrative has been broken off in the *Survey for 1926*.

## (b) THE AMERICAN ADMINISTRATION

In June 1927 the then American Governor-General of the Philippines, General Wood, returned to the United States, nominally on vacation; but he was a sick man and in August he died; and on the 13th December Mr. Henry L. Stimson, a former Secretary of War in the Taft Administration, was nominated Governor-General.<sup>1</sup> It was not, however, until March 1928 that he landed at Manila. During the preceding nine months the Acting Governorship was held by the Vice-Governor, Mr. E. A. Gilmore. Changes of policy could not be expected under such conditions, and during these months the Philippine Executive continued to follow in General Wood's footsteps, government being administered firmly without undue attention being paid to the ever-recurring pin-pricks inflicted by the Philippine Legislature. Washington rather than Manila was the centre of interest.

Perhaps independence never looked farther off than it did in 1927. In the April of that year the President of the United States for the first time used his power of veto in Philippine affairs when he refused his assent to an Act of the Philippine Legislature providing for a plebiscite on the question of independence. Mr. Coolidge based his objection on the ground that the voter would have to vote simply 'yes' or 'no', as 'how', 'why', or 'when' could not be introduced into a plebiscite; and in his covering letter he went so far as to state that he considered 'the entire discussion of the question of immediate or proximate absolute independence' to be untimely. He thought that the Filipinos generally held the mistaken belief that 'America, even though she granted full independence to the Islands, would still assume the heavy responsibility of guaranteeing the security, sovereignty and independence of the Islands. . . . Responsibility without authority would be unthinkable'.<sup>2</sup> In November 1927, when a report was current that a plan was on foot for a revision in the method of government, an official statement was made at the White House that, although President Coolidge was keeping an open eye on the Philippine situation, it was 'his policy to work out that situation under the organic law known as the Jones Act'.<sup>3</sup> He was said to believe that the ability of the Filipino people and of their local Government to comply with the terms of that law was a measure of their capacity for self-government. Thus, when Mr. Stimson was

<sup>1</sup> See the *Survey for 1926*, p. 437.

<sup>2</sup> *The United States Daily*, 8th April, 1927.

<sup>3</sup> *Ibid.*, 16th November, 1927. For the Jones Act see the *Survey for 1926*, pp. 412-13.

appointed Governor-General in December 1927, any vital change in policy towards the Philippines seemed unlikely, though Mr. Stimson's nomination met with approval from Mr. Pedro Guevara, Resident Commissioner at Washington, who hailed it as the beginning of a new era for the Government and people of the Islands. Before accepting the position, however, Mr. Stimson had obtained from the leaders of the Philippine Legislature a promise of co-operation. At the end of his year of office, he declared that this promise had been loyally kept; and, in fact, Mr. Stimson's arrival at Manila did inaugurate a better day in the relations between the two countries.

When Mr. Stimson took over the Government, he found that for a period of nearly five years the administration had been conducted without any regular Cabinet. Owing to the political deadlock in June 1923, the entire Cabinet had resigned;<sup>1</sup> and the Governor-General had ruled through the permanent heads of departments, with no extraneous help except from United States army officers, who were the one kind of technical advisers which the United States Department of War (the department responsible for Insular Affairs) was in a position to provide. The first steps towards co-operation lay in the direction of making some kind of government machinery, and this was done immediately after the general election which fell in June 1928. Mr. Stimson noted, like observers before and after him, that there was no real difference in principle between the two parties, the Nationalista-Consolidado and the Democrats, the issues being rather of a personal or local nature. But it was satisfactory from the American point of view that the candidates who stood for non-co-operation with the Government, including Mr. Isauro Gabaldon, a late Resident Commissioner at Washington, were all defeated.

The first measure towards co-operation was achieved in the passing of the Belo Act, which made a permanent annual appropriation of Pesos 250,000 (\$125,000) allocated to the employment by the Governor-General of technical advisers. At Washington in the preceding year, Mr. Dwight Davis, the Secretary of War, had supported a corresponding Bill, providing for the employment of civilian advisers, which had been introduced into the United States Congress by Representative Keiss; but this Bill had been opposed by the Resident Commissioner, largely because the salaries of officials appointed by the President and of civil advisers to the Governor-General were to be paid from money collected upon articles from the Philippines introduced into the United States—a source of revenue which had heretofore accrued to the general government of the

<sup>1</sup> See the *Survey for 1926*, p. 419.

Islands, but was on this scheme to be held as a special fund in the Treasury of the United States. By itself making the appropriation, and by authorizing the employment of civilian advisers by its own act, the Philippine Legislature avoided the danger of the government passing from its control.

The second step was the creation of a new Cabinet. It was necessary that it should be so formed that it could be both loyal to an independent Executive and at the same time keep in touch with the Legislature.<sup>1</sup> It was Mr. Stimson's belief that autonomy could be worked out under the Jones Act, but for this a sympathetic understanding between the Governor-General and the Filipinos was essential. Mr. Stimson therefore nominated his Cabinet from members of the majority party, and at the same time he succeeded in inducing both Houses of the Philippine Legislature to alter their rules of procedure so that members of the Cabinet could be heard in either House. Finally, on the 30th August, a Council of State was created by an executive order promulgated by the Governor-General. It was of an entirely advisory character. Its members were nominated and summoned by the Governor-General, who was also its chairman. In the first place it consisted of the President of the Senate, the Speaker of the House of Representatives, the leaders of the majority party in both Houses, and the heads of the six executive departments of state.

The annual reports of the Governor-Generals continuously reiterated a demand for the economic development of the Philippines, as being essential if the Philippines were to take their place as an independent nation. In his last report General Wood had noted the failure of the Filipinos to realize that the extension of education and health services depended on economic progress.<sup>2</sup> But the Filipinos might have found excuses for their indifference to economic affairs in the fate which befell the companies which had been set up under the Harrison régime. Thus, in 1919, the Philippine Legislature had created a National Development Company for the purpose of developing the Philippines economically and of securing stable markets for the products of the Islands. The Act authorized the Company to 'engage in commercial, industrial, and other enterprises which may be necessary or contributory to the economic development of the country'. In February 1927, the Governor-General had applied to the Insular Auditor (an American) for his opinion as to the legality of a proposed payment by the Insular Treasurer to the National Development Company of 'P. 25,000 as a partial payment equivalent

<sup>1</sup> *Ibid.*, pp. 412-13.

<sup>2</sup> *Governor-General's Report, 1926*, p. 2.

to one per centum of the par value of 25,000 shares of stock in the said company subscribed by the Government on the 23rd November, 1920'. In his reply the Auditor stated that for some time he had seriously doubted the legality of the existence of the company, and that after a very careful consideration of the Act he had become convinced that 'the Act creating this company is defective to an extent which makes it illegal and unconstitutional'.<sup>1</sup> In the following year, 1928, the Supreme Court of the United States ruled that the Acts of the Philippine Legislature creating two similar companies, the National Coal Company and the Philippine National Bank, were invalid, since they gave control over executive functions to the Legislature. The Court held that it was 'a general rule, inherent in the American constitutional system, that, unless otherwise expressly provided or incidental to the powers conferred, the legislature cannot exercise either executive or judicial power'.<sup>2</sup>

In his opening message to the Philippine Legislature, which was delivered on the 16th July, Mr. Stimson urged the necessity of economic development, and he submitted that for this purpose it would be necessary to attract American capital. Mr. Stimson thought that agriculture was and would be for a long time the chief industry of the Islands, but unless the Filipino farmers were to remain in their present unsatisfactory condition it was necessary that they should have the benefit of modern machinery and modern methods. He therefore advised the Legislature to revise the land laws and the laws governing the creation and regulation of corporations. In his annual report, Mr. Stimson made light of the fears of the American sugar industry that they would have to face strong competition from the Philippines, since the experience of the Filipinos under Spanish rule, when vast lands had been in the hands of the Church, had made them nervous of anything which might be called land monopolization, and individual leasings of government land were limited to a maximum of 2,500 acres each.<sup>3</sup> But Mr. Stimson's comforting words did little to allay the agitation which he noted in the United States for a change in the tariff agreement which should be adverse to the Islands<sup>4</sup>—an agitation which was to play such an important part in the movement towards independence.

In March 1929, when Mr. Hoover succeeded Mr. Coolidge as President of the United States, Mr. Stimson was nominated Secretary of State at Washington, and thus his term of office as Governor-

<sup>1</sup> *The United States Daily*, 19th and 20th April, 1927, gives a full report of the Auditor's reply.

<sup>2</sup> *Ibid.*, 17th May, 1928.

<sup>3</sup> *Governor-General's Report*, 1928, p. 4.

<sup>4</sup> *Ibid.*, p. 19.

General of the Philippines came to an end. In his farewell address he declared his satisfaction in having restored the Harrison (semi-parliamentary) type of government, which General Wood had pronounced a tragic failure and had discarded.<sup>1</sup> He attributed his success in the administration of the Islands to the mutual respect of Americans and Filipinos associated in the Government. It was not unnatural that the Filipinos should expect a Cabinet of which Mr. Stimson was a member to favour further steps towards autonomy and a parliamentary form of government.

The new Governor-General was Mr. Dwight F. Davis, who had been Secretary of War in Mr. Coolidge's Cabinet. He at once made it clear that he intended to follow the policy of his predecessor, and both Cabinet and Council of State were retained. He also made what he described afterwards as 'a lucky shot'; on arrival, he told the Filipinos that he came as an administrator and not to discuss politics, and that 'independence was a matter for the Congress of the United States to decide'.<sup>2</sup> Like his predecessor, Mr. Davis was insistent on the importance of economic development, and he urged the Filipino to think in terms of economics as well as of politics. In 1930, 82 per cent. of Philippine exports consisted of three crops—Manila hemp, sugar, and copra—and Mr. Davis was anxious to see the cultivation of more and different kinds of crops. He believed that the Islands ought to develop the cultivation of products such as tropical and semi-tropical fruits which would involve less competition with American vested interests. Although Mr. Davis was still regretting in his second year of office (1930) that the Legislature would not consider a broad policy of economic development, he noted in his annual report for that year that the process of development was going on and that the Philippines were not suffering as much as many other countries from the economic depression. In this same year, 1930, the Legislature passed a resolution providing for the appointment by the Governor-General of a commission to investigate the problem of rural credits. Next year, Mr. Davis, accompanied by expert advisers, paid an official visit to the neighbouring states and dependencies: Indo-China, Siam, British Malaya, and Netherlands India. The conclusion that he drew from this experience was that the economic development of the Philippines was far behind that of some of these countries, but that Filipino labour was better paid and the standard of living in the Philippines was higher.<sup>3</sup>

<sup>1</sup> See the *Survey for 1926*, pp. 411-13, 417-19.

<sup>2</sup> *The United States Daily*, 21st December, 1931.

<sup>3</sup> *Governor-General's Report*, 1931, p. 6.



When the triennial general election took place in the summer of 1931, the issues as usual were personal and local, and the results did not to any extent alter the character of the Legislature, the Nationalista-Consolidado Party remaining in power. Later in the year Governor-General Davis returned home on leave of absence, and at the beginning of 1932 he resigned.

On the 9th January Colonel Theodore Roosevelt, eldest son of President Theodore Roosevelt, and at that time Governor of Puerto Rico, was appointed Governor-General in succession to Mr. Davis, and on the 29th February he arrived at Manila. After Colonel Roosevelt's appointment, and on the assumption that independence would be granted, further Filipinization of the Insular Government and services took place.

On his arrival at Manila Colonel Roosevelt found the situation critical because of the great fall in prices of the chief Philippine commodities. The Secretary of Finance advised him that the revenue for January, the first month in the financial year, had fallen by 1,500,000 pesos. Colonel Roosevelt at once called together the Council of State. As the previous Legislature had empowered the Governor-General, in case of emergency, to reduce all appropriations by ten per cent., the Council advised him to take this action. In addition to this, all salaries and allowances were reduced, the larger by ten per cent. and the smaller by a less amount. 'Every branch of the Government then undertook a careful survey to determine what activities could be discontinued . . . and what other measures could be instituted to bring justifiable economies.' Before the Legislature met in July it was possible to make economies amounting to 6,100,443 pesos, which represented a saving of about twenty per cent. on six months' working.<sup>1</sup> These economies, along with an unexpected gain in customs revenue due to increased imports in anticipation of higher tariff rates, led Colonel Roosevelt to believe that the year would end with a surplus; but, as it turned out, the Insular Auditor's report showed a deficit of 5,000,000 pesos instead of the hoped-for surplus of 2,000,000.

Early in his term of office Colonel Roosevelt made a tour through forty-eight provinces, quickly gaining popularity and earning the name of 'the poor man's Governor'. 'For the first time since these islands have been an American possession', it was reported, 'a Governor has appealed directly to the people for support.'<sup>2</sup>

<sup>1</sup> 'The original gross appropriations for 1932 were 71,900,000 pesos, of which 10,640,000 pesos represented such irreducible items as the service of the public debt.' (*Governor-General's Report, 1932.*)

<sup>2</sup> *The New York Times*, 13th June, 1932.

At the opening of the new session of the Legislature on the 15th July Colonel Roosevelt urged the necessity of practising economy and balancing the budget. Like previous Governors, he emphasized the importance of agriculture. He also urged reforms in education. As might be expected, American rule had brought with it a great desire for popular education. (The department of education had been put, and kept, under the control of the American Vice-Governor.) The Filipinos were said to be enthusiastic in their desire for knowledge, but here, as among other peoples suddenly exposed to the impact of an alien civilization, it was feared that book-learning often merely succeeded in unsuited the student for the type of life that he must lead in an agricultural community. In his opening address Colonel Roosevelt emphasized the importance of a practical education and suggested that the Department of Agriculture and Natural Resources might help the Bureau of Education in determining suitable courses for agricultural schools, and that the Bureau of Commerce might give similar help to vocational schools.

By December 1932 the halcyon days of Colonel Roosevelt's rule were passed. He was obliged to call a special session of the Legislature because excessive appropriations had left the budget unbalanced. Charges of illegality and irregularity were made against the Legislature, but 'the President of the Senate and the Acting Speaker of the House decided to absolve the Representatives of any blame for "mistakes" occasioned by the clerical force of the Legislature'.<sup>1</sup> On the 8th December Colonel Roosevelt was defeated when he wished to adjourn the special session until January so as to give time to redraft the Bills which were said to have been illegally altered. A good deal of criticism was levied against the Legislature, and Colonel Roosevelt did not altogether escape, being blamed for his unwillingness to veto bills.

In the summer Colonel Roosevelt had thought of returning home to help Mr. Hoover in his presidential campaign, but had abandoned the idea at the request of Mr. Hoover himself. When Mr. Hoover's term of office came to an end in March 1933 and he was succeeded by Mr. Franklin Roosevelt, Colonel Theodore Roosevelt handed in his resignation according to the American constitutional custom.<sup>2</sup>

<sup>1</sup> *Ibid.*, 8th December, 1932.

<sup>2</sup> Before his resignation could take effect the banking crisis was in full swing in the United States. Colonel Roosevelt was reported to have foreseen the danger of a similar disaster in the Philippines, and to have 'called bankers and business men into repeated conferences, outlined policies and made strong statements to Washington which resulted in keeping the banks open in the Philippines' (*ibid.*, 16th March, 1933).

Colonel Roosevelt was said to have been the most popular Governor-General that the Philippines had ever known, though the American community was unsympathetic with his general policy. Perhaps the judgment of *The Bulletin*, the sole American newspaper in Manila, was not altogether unfair when it said that Colonel Roosevelt's administration illustrated 'the weakness of American policy, under which short-term political appointees rule and it is necessary for the Governor-General to make a spectacular bid for popular acclaim in order to make political capital during his short incumbency'.<sup>1</sup>

In March Mr. Homer S. Cummings, the acting Attorney-General of the United States, was appointed to succeed Colonel Roosevelt; but on the 7th April Mayor Frank Murphy was nominated in his stead, the President having decided to keep Mr. Cummings as Attorney-General at Washington. Mr. Murphy was a lawyer by profession and the first Roman Catholic to be appointed to the Governor-Generalship. On the 3rd November Professor Joseph Ralston Hayden, of the University of Michigan, a writer of many articles on the Philippines, was nominated Vice-Governor.

### (c) THE QUESTION OF INDEPENDENCE

All political parties in the Philippines were united in their desire for independence. Presidents of the United States from McKinley onwards were said to have pledged their country to a renunciation of American sovereignty at some future date, and the preamble to the Jones Act of 1916, which framed the constitution of the Philippines, was also cited as evidence of the American promise. The policy pursued by General Wood, and the long period of non-co-operation between the Executive and the Legislature, had given the Filipino independence movement extra force. But, in spite of the susceptibility of the American people to waves of political idealism, the movement towards independence would perhaps hardly have been successful if it had not been that, for once, the service of God proved compatible with the service of Mammon.<sup>2</sup>

The two problems which led large economic interests to the support of independence were economic competition and Filipino immigration. In his report for 1928 Mr. Stimson had referred to the disturbance in cordial relations arising from the demands in the United States for tariffs against Philippine goods, which, since 1909, had been entering the United States duty free. (American goods had similar advantages in the Islands.) The American agitation for an anti-

<sup>1</sup> *The New York Times*, 16th March, 1933, forecasting a *Bulletin* editorial.

<sup>2</sup> See p. 546 above.

Philippine tariff did not come only from the home producer but also from the American capitalists who had sunk capital in Cuban sugar plantations,<sup>1</sup> whose imports into the United States were subject to taxation. In 1928 it was proposed to limit the amount of sugar which might be introduced into the United States from the Philippines duty free. Senator Smoot, Chairman of the Senate Finance Committee, had stated that three-quarters of the Philippine sugar output was produced by concerns financed with non-American capital—a statement which was challenged by Mr. Guevara, the Philippine Resident Commissioner at Washington. In the June of the following year the United States Beet Sugar Association pleaded before the Senate Finance Committee for at least a limitation in the quantity of Philippine sugar importable free of duty; and the Association took care to point out that, as the Islands would lose the free market on the attainment of independence, they might as well prepare for this eventuality. This agitation was one of the reasons which led Governor-General Davis, while insisting on the importance of an open American market, to urge the Filipinos to cultivate a greater variety of crops.<sup>2</sup>

It was after these discussions that on the 9th October, 1929, the Senate of the United States, in dealing with the Tariff Bill at that time under consideration, defeated an amendment proposed by Senator King in favour of independence and authorizing the Philippine Legislature to call a constitutional convention to draw up a plan of government. His object, said Senator King, was not to defeat the Tariff Bill, but to get the question of Philippine independence considered. This was the first step in a campaign which rapidly gathered speed. In November 1929 Representative Knutson introduced a Bill (H.R. 5182) to grant independence, and his main reason for doing so was because he considered that 'the Philippine Islands to-day constitute the greatest drawback to agricultural rehabilitation that we have to contend with'.<sup>3</sup> On the 4th January, 1930, a Filipino Independence Delegation arrived in Washington. In the same month Senator Bingham proposed that the President should appoint a commission to study the political and economic status of the Philippines; and on the 13th January Senator King introduced a Bill (S. 3108) 'to enable the people of the Philippine Islands to adopt a constitution and to form a free and independent government'. Two days later, on the 15th January, the Senate Committee on Territories and Insular Affairs began hearing evidence. Shortly afterwards Senator Vandenberg introduced yet another Bill.

<sup>1</sup> See section (iii) of Part III of the present volume.

<sup>2</sup> See p. 551 above. <sup>3</sup> *The United States Daily*, 15th November, 1929.

The fact that the desire to grant independence was largely due to selfish interests was brought out by the evidence heard before the Senate Committee. Thus Mr. Gray, representing the American Farm Bureau Federation, emphasized the point that what his association wanted first of all was protection from Philippine competition. He said that, if Congress did not pass a Tariff Bill subjecting Philippine products to rates of duty equivalent to those imposed on goods from other countries, his organization would advocate complete independence.<sup>1</sup> Mr. Loomis, Secretary of the National Dairy Union, declared 'that the honest and sincere way to get this tariff protection which the oils and fats producing industries of the United States must have if they are to be saved from ruin, is by giving independence'. The more quickly tariff autonomy was granted the better it would be liked.<sup>2</sup> Mr. McDaniel, Chairman of the Cordage Industry, avowed that he appeared before the committee for purely selfish reasons.<sup>3</sup> The real question was: Could Filipino competition be met otherwise than by the grant of independence? For Mr. Stimson's statement that so long as the United States retained the Philippine Islands under her flag, she was in duty bound to give them the advantage of trade with the home country, seems to have been accepted in most quarters.

Selfish interests were by no means the monopoly of the promoters of independence. Thus Mr. Howard Kellogg, speaking on behalf of the Philippine cocoanut and copra-crushing industry, stated that the large investments of American capital in the industry would be a total loss if economic barriers were erected against the free importation of these oils into the United States.<sup>4</sup> Mr. Orth, President of the Philippine-American Chamber of Commerce of New York, held that the Islands 'should not be made independent and consigned to chaos and hardship, which will undoubtedly be the case if independence is given now'. He submitted that it was the duty of the United States to place the Philippines on a proper economic basis.<sup>5</sup>

By this time the dread of Filipino competition in production had been reinforced by the fear of Filipino immigration. It was no doubt largely due to the economic depression that both these questions had become so acute. Now that other Oriental races were practically excluded from the United States, their place in California and the Western States was largely filled by Filipinos. In his evidence before the Senate Committee Mr. Hushing, the representative of the American Federation of Labour, not only referred to the American

<sup>1</sup> *Senate Committee*, p. 70.

<sup>3</sup> *Ibid.*, p. 293.

<sup>4</sup> *Ibid.*, p. 145.

<sup>2</sup> *Ibid.*, p. 104.

<sup>5</sup> *Ibid.*, p. 191.

Declaration of Independence, which he believed to be inconsistent with Philippine dependence, but also stated that there were 5,000 Filipinos in Hawaii and 80,000 in California, and that there was nothing except disease to prevent the 13,000,000 Filipinos who lived in their native land from migrating to the United States.<sup>1</sup> Meanwhile, the antipathy and jealousy towards the Filipinos had passed beyond the leisured conduct of a Senate Committee. At the end of January 1930 there were several riots in California directed against the immigrants. At Stockton a club-house belonging to Filipinos was bombed, and at Watsonville a mob of white men swarmed through their quarter and killed one man. In San Francisco five attacks on Filipinos were reported within twenty-four hours. In December 1930 Representative Welch of California introduced a Bill (H.R. 13535) limiting the migration of Filipinos into the Continental United States to students, visitors for business or pleasure, merchants, government officials, their families, attendants, servants and employees. In 1931 the number of Filipinos in the Continental United States was estimated at 60,000, of whom nine-tenths were said to be males and four-fifths under thirty years of age. Apparently only one in five ever returned home. To add further to the racial difficulty, the Filipinos, who were Malays, had been ruled for centuries by the Spaniards who were innocent of race-feeling. They claimed 'to be treated as social equals by Americans, including American women. Thus race-sentiment' in the United States was 'challenged; and even people who' were 'above vulgar race-prejudice' had 'to ask themselves whether they' wanted 'a considerable Asiatic strain introduced into the race-composition of the American nation'.<sup>2</sup>

All the Filipino witnesses who appeared before the Senate Committee at Washington urged the grant of independence—and this the sooner the better. The Hon. Manuel Roxas, the Speaker of the Philippine House of Representatives, favoured an immediate grant for economic as well as for political reasons. For twenty years, he said, the Americans had compelled the Filipinos to develop their country subject to American tariff laws, and for this reason, he submitted, a sudden change in the relationship between the two countries would mean a shock to the economic structure of the Philippines; but it would be preferable, he argued, for it to come now, when it could be withstood, than later.<sup>3</sup> In his view, however, it did not matter what the sacrifice was, since the Filipinos were prepared to make any

<sup>1</sup> *Ibid.*, pp. 114, 115.

<sup>2</sup> *The Manchester Guardian*, 13th April, 1931.

<sup>3</sup> *Senate Committee*, p. 15.

sacrifice in order that they might be free.<sup>1</sup> Mr. Roxas did not foresee any danger of foreign interference, as the Islands should be protected sufficiently by the Kellogg Pact and the League of Nations; but if the United States were anxious on this account, then, he suggested, she should secure the collaboration of Great Britain, Japan and France in a guarantee of the Islands' neutrality and integrity. Mr. Roxas did not admit belief in the existence of the so-called Japanese menace. He suggested that Japan was a nation 'showing a real desire for peace and a desire to scrupulously maintain and respect the rights of other nations'. He added that there could be no inducement for the Japanese to conquer the Philippines, since the Japanese people showed no desire to settle in tropical countries, and he mentioned the case of Formosa to prove his point.<sup>2</sup>

The international aspect of independence was also referred to by Mr. Nicholas Roosevelt when he appeared before the Senate Committee in opposition to any immediate grant. He submitted that the United States, by taking possession of the Islands, had introduced a new factor into the situation in the Far East, and that by withdrawal she would create another.<sup>3</sup> He held that the withdrawal of the United States from the Philippines would produce serious repercussions in Korea, India and Netherlands India; and he saw a 'danger of a slowly starting and widespread political disturbance throughout the East which might very well cause some kind of political outbreak, and possibly even war, throughout the Far East'.<sup>4</sup> He also suggested that a withdrawal would involve a serious loss of American prestige.

Mr. Roosevelt suggested that, in any act of Congress providing for the eventual independence of the Philippines, the period of delay prescribed should be defined as a minimum and not as a maximum.<sup>5</sup> He also referred to the great mass of the Filipino people. He was not anxious, he said, about the governing class. 'They are protected; they are competent; they are educated; they are capable.' But the care of the mass of the people had been the duty of the American

<sup>1</sup> *Senate Committee*, p. 16.

<sup>2</sup> *Ibid.*, p. 28. Three years later, in 1933, it was noted that there was an agricultural colony of 12,000 Japanese at Davao and that they had played the chief part 'in turning a wilderness into the most important hemp-producing centre in the World'. This group of Japanese pioneers was 'closely organized, amply supported, and ably directed'. Their welfare was watched over by the private interests concerned and by the Japanese Government. 'At every step the Japanese Government continues its support and assistance through a capable Consul and scientifically trained agricultural experts.' A regular weekly service was maintained with Japan by two steamship companies. (See Ralston Hayden: 'China, Japan and the Philippines' in *Foreign Affairs* (New York), July 1933.)

<sup>3</sup> *Ibid.*, p. 347.

<sup>4</sup> *Ibid.*, p. 348.

<sup>5</sup> *Ibid.*, p. 362.

Government. There was nothing in the term 'collective public opinion' in the Islands to correspond to what there was in the United States. Illiteracy was so great that newspapers did not reach very far.<sup>1</sup> He did not question the sincerity of the Filipino political leaders when they spoke of independence, but, according to his contention, it did not change the point that he was raising 'as to whether we have not got obligations to people other than the political class'.<sup>2</sup> Mr. Roosevelt stated that a number of Filipinos had told him in confidence that they were opposed to immediate independence, but he would not mention names. He did, however, express the doubt whether even the intelligent Filipinos, when they spoke of independence, meant independence 'with no American protection, no financial guarantees, no aids of any sort', but just being turned loose to be treated by the United States as a foreign country.<sup>3</sup> Finally Mr. Roosevelt raised the question of the Moro minority.<sup>4</sup>

The problem of the Moros was again referred to before the Senate Committee when the Hon. Camilo Osias, Resident Commissioner from the Philippines at Washington, appeared to rebut the anti-independence evidence. He submitted that the enmity between the Christian and Muslim Filipinos was a fetish and that the supposed friction between the two communities was no more vocal or pronounced than the fight going on in the United States between the 'wets' and the 'drys'.<sup>5</sup> The real attitude of the Muslim Filipinos, he argued, was revealed by the fact that the Muslim Senator and representatives, nominated by the Governor-General, had consistently voted for independence.<sup>6</sup> Mr. Osias also referred to the loss of prestige that had been foretold if the United States parted with the Philippines. 'We believe', he said, 'that what will make America's prestige suffer is the non-fulfilment of her plighted word.'<sup>7</sup> On the

<sup>1</sup> *Ibid.*, p. 365.

<sup>2</sup> *Ibid.*, p. 367.

<sup>3</sup> *Ibid.*, p. 369.

<sup>4</sup> *Ibid.*, p. 372. The feud between the Moros and the Catholics in the Archipelago was still rife. In January 1927 a fight took place when the constabulary attacked Datu Tahlil's stronghold on the island of Jolo; and on this occasion 35 Moros were killed. Datu Tahlil made his escape but was later captured and sentenced to ten years' imprisonment and a fine of 20,000 pesos (£2,000). Fighting was again reported in May 1930, when the police failed in an attack on a fort near Dansalan held by outlaw Moros. Later in the same month attempts to dislodge outlaws established in a fort near Lake Lanao were repulsed. The constabulary tried to attack by means of motor-transport, but the Moros destroyed the bridges and, while the troops retired, they evacuated the fort. In 1927, in the Sulu Archipelago, also inhabited by Moros, the Coast and Geodetic Survey had to be protected from pirates by constabulary guards, though the mere presence of the policemen was effective and no attacks were made, and in fact there seems to have been a greater danger from onslaughts by crocodiles.

<sup>5</sup> *Ibid.*, p. 476.

<sup>6</sup> *Ibid.*, p. 477.

<sup>7</sup> *Ibid.*, p. 470.



danger from attack by other countries he took the same line as Mr. Roxas—recalling the fact that the other great Pacific Powers, Japan,<sup>1</sup> England, and France, were all members of the League of Nations, and declaring that the Philippines aspired to membership of the League when they had become free and independent.<sup>1</sup>

On the 10th March, 1930, Senator Hawes' Bill (S. 3822) was added to the record and taken into consideration along with other Bills before the Senate Committee. It aimed at the renunciation of the sovereignty of the United States over the Philippines and at providing for a convention to frame a new constitution and a plebiscite of the Philippine people on the question of independence.

Strong opposition to the whole movement came from the Cabinet as represented in the persons of Mr. Patrick J. Hurley, Secretary of War, and Mr. Stimson, Secretary of State. Mr. Hurley considered that it would be 'inexpedient and hazardous to attempt to anticipate future developments by fixing any future date for ultimate independence', and he held that 'no commitment, legal or moral, exists as regards immediate independence or independence within any specific period of years'.<sup>2</sup> Mr. Stimson concurred with Mr. Hurley. He thought that independence would be disastrous to the Filipinos because they were quite unprepared for it either politically or economically. He believed that the removal of American control would lead either to anarchy or oligarchy, whereby a small class of Filipinos would exercise arbitrary powers over the ordinary individual, and in this small class he placed money-lenders and local politicians. He held that the future of the United States in the Far East depended upon its reputation for justice, and he pleaded for fair dealing towards all Filipinos in an enlightened and far-seeing way.<sup>3</sup>

In June the Committee reported to the Senate. A majority favoured the Hawes Bill (S. 3822); but there were four dissidents, of whom the chairman of the Committee, Senator Bingham, was one. The minority held that a five-year period as an interval for readjustment was far too brief a time, and that the prescription of this period was tantamount to a grant of immediate independence.<sup>4</sup> They were convinced that the Filipinos were not yet prepared for the grant, and, not unnaturally, they gave great weight to the evidence submitted by the two members of the Cabinet. It was beside the mark, said the report, 'to argue that the Filipinos . . . should be taken at their word and given that for which they were clamouring: namely, immediate

<sup>1</sup> *Senate Committee*, 472.

<sup>3</sup> *Ibid.*, 23rd May, 1930.

<sup>2</sup> *The United States Daily*, 19th May, 1930.

<sup>4</sup> *Calendar No. 794*, Part II.

independence. Action to that end would mean an abandonment and a repudiation of our obligations as guardian of these people.' Mr. Roxas had acknowledged that the Filipinos were quite aware that a sudden disruption of economic relations with the United States would produce serious embarrassment for the Philippines, though he and his colleagues were quite willing to take that chance; but 'the signers of this minority report' declared that they were 'not prepared to place in grave jeopardy the well-being and economic and political prosperity of 13,000,000 people who' had 'been wards of the United States for a generation and for whom' the American people had 'undertaken an altruistic experiment which' was 'yet but half accomplished.'<sup>1</sup>

Within two months of the presentation of the Committee's report Mr. Nicholas Roosevelt was appointed Vice-Governor of the Philippines. After his adverse criticism before the Committee, and his hostile book,<sup>2</sup> it was not surprising that the Resident Commissioner at Washington protested against the appointment, and so bitter was the opposition, leading to the burning of his book by a mob, that in September Mr. Roosevelt resigned and was immediately appointed United States Minister to Hungary. Next year, in 1931, there were further outbreaks of violence by Filipinos desirous of showing their zeal in the cause of independence. In July the grounds of the Army and Navy Club at Manila were invaded by a mob, and officers and their wives were stoned.

In May 1931 the Filipino politicians were rumoured to have abandoned their demand for immediate and complete independence; and this report was said to have encouraged the Hoover Administration in its belief that independence would be an injustice to the Islanders. But if the rumour was welcome in Government circles it was disconcerting to Senators and Representatives of the Farm Bloc. Representative Knutson, the chairman of the House Committee on Insular Affairs, summed up the opinion of the beet-sugar and dairy States when he said that, whether or not the Filipinos wanted to be free from American rule, an effort to grant them independence would be made in Congress when it met in the coming December, and he also declared that an attempt would be made at the same time to control Filipino immigration into the Continental United States.

Meanwhile, the fashion had set in for studying the Filipino question on the spot. Thus in July 1931 Senator Hawes made his appearance in Manila, prepared to encourage the independence movement. He

<sup>1</sup> *Calendar No. 794*, Part II.

<sup>2</sup> Nicholas Roosevelt: *The Philippines*. (London, 1927, Faber & Gwyer.)

declared that the Philippines belonged to the Filipinos and that therefore the United States would fulfil its pledge, but, according to *The New York Times*, 'he' avoided 'economic and military questions.'<sup>1</sup> The next distinguished American visitor to carry on his researches on the spot was the Secretary of War, Mr. Hurley. His visit took place in September 1931, though it was not until the following year that he made any definite statement as to his conclusions. Both Senator Hawes and Mr. Hurley seem simply to have confirmed their own previous convictions as a result of their first-hand researches.

At Washington Mr. Hoover was doing his best to discourage the independence movement. He declared that it was a problem of time and argued that 'independence to-morrow without assured economic stability would result in the collapse of Philippine Government revenues and the collapse of all economic life in the Islands'.<sup>2</sup> He contended that economic independence must be attained before political.

In December 1931 Congress met. On the 11th two Bills to grant Philippine independence were introduced into the House of Representatives. In January 1932 a Philippine Mission arrived in Washington. On the 18th January Senator Vandenberg introduced a Bill granting independence in twenty years. The House Committee on Insular Affairs began hearing evidence; but much of this evidence was a virtual repetition of that heard two years before. Thus Commissioner Guavara once more demanded immediate freedom and declared that the desire for independence sprang 'from the innate longing of all nationally conscious people'. But he also stated that the agitation in the United States, which had been carried on now for three years, to abolish the privileges enjoyed by the Philippine Islands in the American market in exchange for reciprocal privileges granted to American products in the Philippines, had cast a cloud of uncertainty over Philippine economic conditions and was checking development. At the same time, he challenged the belief that the Filipinos had abandoned their demand for independence and would be satisfied with a grant of autonomy.

When Mr. Hurley appeared he again spoke out strongly against the grant of independence. He thought that the political chaos in the Orient made the whole question inopportune. And, like Mr. Hoover, he held that, as a first step towards economic separation, legislation should be passed to prevent excessive shipments of

<sup>1</sup> *The New York Times*, 28th July, 1931.

<sup>2</sup> *The United States Daily*, 28th October, 1931.

sugar and other Philippine products to the United States on a duty-free basis. He did not believe, he said, that an unrestricted admission of Filipino labour into the Continental United States was in the best interests of either the American or the Filipino; but he added that immigration regulation ought not to be based on racial grounds. He favoured increased participation by the Filipinos in local government, but not a surrender by the American Government of any of its authority. 'No final solution', he declared, 'of the political relations between the United States and the Philippine Islands can be undertaken at the present time without grave danger to both peoples.'<sup>1</sup> On the following day, the 11th February, Mr. Hurley gave evidence again, this time before the Senate Committee on Territories and Insular Affairs, and on this occasion he described the Hawes-Cutting Bill (S. 3377) as 'cowardly'.<sup>2</sup> It aimed, he said, at tearing down in five years what the United States had built up in thirty. He raised the question of national defence on the part of the Philippine Islands and pertinently remarked that 'treaties are not as effective as we thought they were six months ago'. If the Philippines must have independence, he preferred the King Bill which aimed at granting immediate independence. He was opposed to the time-limit and thought it better to impose conditions based on economic factors. 'I am trying', he said, 'to build the Philippines into a nation, and your Bill would prevent the possibility of their ever becoming so.'<sup>3</sup>

On the 20th February the Senate Committee agreed to the 'principle' of a fifteen-year independence programme. A new Bill was drawn up on similar lines, except for the time-factor, to the Bill sponsored by Senators Hawes and Cutting,<sup>4</sup> and on the 1st March this new Bill was reported to the Senate. It provided for the creation of a 'Commonwealth of the Philippines' during the interim period. A new constitution was to be drawn up for this period by a Filipino Convention, and at the end of the fifteen years the Filipinos were to vote by means of a plebiscite on the question of independence. For the first ten years of this period Philippine goods were to be admitted into the United States duty-free; then, for five years, duties were to be imposed and gradually increased. Immigration, likewise, was to be restricted on a graduated scale.

On the 4th March another Bill (H.R. 7233) was favourably reported to the House of Representatives. It aimed at granting independence

<sup>1</sup> *The United States Daily*, 11th February, 1932.

<sup>2</sup> *Ibid.*, 12th February, 1932.

<sup>3</sup> *Ibid.*, *loc. cit.*

<sup>4</sup> Bill S. 3377, usually referred to as the Hawes-Cutting Bill.

under certain conditions within five years. The conditions were: 'That a republican form of government be set up; that continued allegiance to the United States be guaranteed; that free religion be guaranteed; that a bill of rights be provided; that this Nation shall have the right of intervention to preserve the new Government to be set up or to protect American property; that the United States shall control Philippine foreign relations; that all acts passed by the new Philippine Legislature shall be reported to the United States Congress; and that a public school system conducted primarily in English be maintained.' When all these conditions are taken into consideration it may be questioned whether the House Committee and the Philippine Mission defined independence in the same terms. This Bill was passed by the House of Representatives on the 4th April, 1932, after a debate lasting no longer than forty minutes—306 votes being cast in its favour and 47 against. There can have been few other cases in which the representatives of a country decided so quickly and so easily as this to part with an empire; but, as *The Manchester Guardian* pointed out, this favourable vote 'was not primarily owing to Liberalism among the members. It was the result of pressure from American commercial groups which' wanted 'Philippine products to be put outside the American tariff wall.'<sup>1</sup> In its final form this Bill authorized the Filipinos to constitute forthwith a Government which would remain in existence pending the attainment of complete independence and which would be autonomous subject only to safeguards for the sovereignty and responsibility of the United States. During this period certain imports into the United States were to be limited and an immigration quota of fifty Filipinos a year was fixed. In eight years American sovereignty was to be withdrawn and the complete independence of the Islands was to be recognized, though the United States was to reserve the right of retaining military and naval bases.

On the day on which this Bill was passed there was published a letter, dated the 15th February, 1932, from the hand of Mr. Stimson, the Secretary of State. The writer expressed particular interest in the effect of independence on foreign relations. 'Whether we yet realize it or not, we are already a great Pacific Power,' he wrote, 'and as such will sustain a constantly increasing interest in the affairs of the Pacific.' The Americans, he recalled, had tried to establish among an Oriental people the practices of Western economic and social development and the principles of political democracy. 'The Philippines to-day', he went on, 'represent an islet of growing

<sup>1</sup> *The Manchester Guardian*, 7th April, 1932.

Western development and thought surrounded by an ocean of Orientalism; they are the interpreters of American idealism to the Far East.' The Islands were a base for American influence—political, economic, and social. Progress there depended on two things, American leadership and a free market in the United States. If these were withdrawn he believed that economic chaos and political and social anarchy would result, followed ultimately by the domination of some foreign power, probably either China or Japan. He did not think it mattered under what verbal professions the act of withdrawal was cloaked; the United States would be held to have abandoned wards whom they had undertaken to protect. An American withdrawal would upset the balance of power ('political equilibrium'); and it would be against the interest of World Peace. As a result of his residence in the Islands, Mr. Stimson had formed the conviction that a solution of the 'problem could be achieved, with the full consent of the Filipino people, which would not only satisfy their aspirations for self-government, but honourably and justly safeguard the interests of the United States both at home and in the Far East.'<sup>1</sup> But Congress showed no signs of heeding the warnings of members of the Government. On the 29th April the Senate gave consideration to its Committee's Bill. In a debate on the 25th May it was urged to take action on independence before the end of the session. On the 13th June the Senate debated the Bill (H.R. 7233) which had been sent up from the House of Representatives, but no action was taken nor were amendments considered. On the 29th June another debate took place, this time on the Hawes-Cutting Bill, which was substituted for the House Bill, and amendments were moved, but on the 1st July the House adopted a motion by Senator Robinson of Arkansas to postpone further consideration until the next session, in December.

Meantime, in the Philippines, opposition to the Bill was appearing. In the summer Mr. Manuel Quezon declared that what the Filipinos wanted was freedom, but that they did not believe that this could be attained from the United States without independence and that an autonomous state with dominion status was probably impossible. He said that the attitude of the Congress at Washington had changed during the last few years and that it was no longer thinking of its relationship with the Philippines and the Far East but rather of how Philippine sugar affected beet-sugar growers and how Philippine oil affected American farmers. On the 6th November, after five months' discussion, the Philippine Legislature again demanded independence

<sup>1</sup> *The United States Daily*, 5th April, 1932.

and sent fresh instructions to its Mission at Washington. The delegates were ordered to accept no lower figure than 1,500,000 tons for a maximum of Philippine sugar imports into the United States; to insist on a reciprocal tariff clause; to accept no plan involving a delay of more than ten years; to oppose a provision for a plebiscite; not to agree that English should be the language in the public schools; and to stipulate that no American High Commissioner should live in the Governor's Palace.

When Congress resumed its sittings in December 1932, the first business before the Senate was the Philippine Independence Bill (H.R. 7233) which had already passed the House of Representatives. On the 8th December the debate began and lasted for eight days. On the 17th the Bill was passed with amendments. On the 19th December the amendments were rejected by the House of Representatives; but a joint conference was called, and on the 21st December a compromise was reached and was endorsed by the Senate immediately, and by the House of Representatives on the 29th December.

In its final form the Bill, which was known as the Hare-Hawes-Cutting Bill, provided that, within one year of its enactment, the Philippine Legislature should summon a Constitutional Convention which was to formulate and draft a constitution for the Commonwealth of the Philippine Islands. The constitution must be republican in form and must contain a Bill of Rights, and until the final renunciation of sovereignty of the United States it must comply with the following conditions. All citizens of the Philippine Islands were to owe allegiance to the United States; every officer of the Government of the Philippine Islands was to take an oath of allegiance to the United States; absolute toleration of religious sentiment was to be secured; property owned by the United States (cemeteries, churches, &c.), and all lands used for religious, educational, or charitable purposes, were to be exempt from taxation; the public debt of the Philippine Islands was not to exceed limits fixed by the Congress of the United States, and no loans were to be contracted in foreign countries without the approval of the President of the United States; obligations of the existing Government were to be assumed by the new Government; provision was to be made for the establishment and maintenance of an adequate system of public schools, primarily conducted in the English language; acts affecting currency, coinage, imports, exports and immigration were not to become law until approved by the President; foreign affairs were to be under the direction and control of the United States; all acts passed by the

Legislature of the Commonwealth were to be reported to the Congress of the United States; the Philippine Islands were to recognize the right of the United States to appropriate property for public use, to maintain military and other reservations and armed forces in the Philippines; the decisions of the Courts of the Commonwealth were to be subject to review by the Supreme Court of the United States; the United States might, by Presidential proclamation, exercise the right to intervene for the preservation of the Government of the Commonwealth, for the maintenance of government as provided in the constitution, for the protection of life, property and individual liberty, and for the discharge of government obligations in accordance with the provisions of the constitution; and the authority of the United States High Commissioner was to be recognized.

After the drafting and approval of the constitution by the Constitutional Convention, the constitution was to be submitted within two years to the President of the United States, who was to determine whether or not it conformed with the provisions of the Act. If satisfied, he was to inform the Governor-General of the Philippines, who would then advise the Constitutional Convention. In the opposite event the President was to instruct the Governor-General, stating where he considered that the law had not been complied with, and the Governor-General was to hand on the message to the Convention. After approval, and within four months, the constitution was to be submitted for ratification or rejection to the qualified voters of the Philippine Islands.

The section of the Bill which dealt with trade relations fixed the maximum duty-free imports of Philippine sugar into the United States at 50,000 tons of refined and 800,000 tons of unrefined sugar each year, and similarly laid down maximum figures for free imports of cocoanut oil and manila hemp. The full American duties would be imposed on sugar, oil, and hemp imports in excess of these quantities. After the Commonwealth had been in existence for five years a tax rising gradually from five per cent. to twenty-five per cent. of American rates was to be imposed on all exports to the United States—the proceeds from this tax being used to form a sinking fund for the liquidation of Philippine bonded indebtedness. With these exceptions, trade relations between the Philippines and the United States were to continue to be governed by the existing laws, and the arrangements under which American goods were admitted free into the Islands and the Philippines were denied the right of concluding reciprocity agreements with neighbouring countries would therefore remain in force. Trade relations between



the Philippines and the United States after the former had attained to full independence were to be discussed by a Conference which was to be held at least a year before the end of the transitional period.

In regard to the immigration of Filipinos into the United States, the annual quota during the transitional period was fixed at 50; and it was provided that, after the attainment of independence, the Asiatic exclusion clause of the United States immigration laws<sup>1</sup> should apply to the Filipinos in the same way as to the other inhabitants of the barred zone.

The Chief Executive of the Commonwealth was required to make an annual report to the President and Congress of the United States. A High Commissioner was to be appointed by the President, to hold office during his pleasure and to represent him in the Philippines. He was to have access to all records of the Government and was to be furnished with such information as he required. If the Philippine Government failed to pay any of its indebtedness or interest, the High Commissioner was to report the fact to the President at Washington, who might then direct him to take over the customs offices and apply the necessary part of the revenue derived therefrom to the payment of overdue indebtedness and for the fulfilment of contracts. The High Commissioner was to be paid the same salary as the Governor-General had received, and was to have a similar staff of assistants, including a financial expert, but all these salaries were now to be paid by the United States. The Government of the Philippine Islands was to provide for a Resident Commissioner in the United States. He was to have a seat in the House of Representatives and the right of speaking, but not the right of voting.

On the 4th July immediately following the expiration of a period of ten years from the date of the inauguration of the new Government,<sup>2</sup> the President of the United States was, by proclamation, to withdraw and surrender all right of possession, supervision, jurisdiction, control, or sovereignty then existing and exercised by the United States in and over the territory and people of the Philippine Islands (except such land or property as had previously been

<sup>1</sup> See the *Survey for 1924*, p. 477.

<sup>2</sup> The following time-limits were specified in the Bill in connexion with the inauguration of the new Government. The constitution was to be submitted to the President of the United States within two years of the enactment of the Act; it was then to be submitted to a plebiscite in the Philippines within four months; within one month the Governor-General was to issue a proclamation ordering the election of officers of the Government, and the election was to take place within six months. It will be seen that the length of the transitional period which was to elapse between the enactment of the Act and the attainment of full independence was likely to be between twelve and fourteen years.

designated by the President of the United States for military and other reservations and which might be re-designated by the President within two years of the date of the proclamation); and on behalf of the United States he was to recognize the independence of the Philippine Islands as a separate and self-governing nation. A clause in the Bill requested the President to enter into negotiations with foreign Powers with a view to concluding a treaty of perpetual neutralization.<sup>1</sup>

Thus the Bill, as finally passed, did little to meet the demands made by the Philippine Legislature in November 1932.<sup>2</sup> At Manila no enthusiasm was shown for the Bill. Senator Quezon branded it as a joke, and the Independence Commission sent a message to its Mission at Washington declaring that it upheld Senator Quezon's rejection of a proposal to urge Mr. Hoover to sign the Bill, but at the same time was 'willing' that the President should sign it, in order that the Filipinos might be able to give expression to their feelings.

On the 3rd January, 1933, the Bill reached the White House, and was referred by Mr. Hoover to Mr. Hurley, the Secretary of War and Minister for the Islands. Mr. Hurley still declared himself strongly opposed to the Bill, holding that it was no solution of the problem and would merely accentuate the difficulties. On the 13th Mr. Hoover returned the Bill without approval to Congress. After a debate lasting one hour, the House of Representatives, by 274 votes to 94, overrode the President's veto, and on the 17th January, after a rather longer debate, the Senate followed suit, 66 votes being cast for the Bill and 26 against. Thus the two-thirds majority necessary to make the Bill law was obtained in both Houses.

In vetoing the Bill Mr. Hoover had pointed out that in granting national independence to the Filipinos the United States had a triple responsibility: to the Philippine people, to the American people, and to the World at large. In finding a method of granting independence to the Filipinos the United States should not project them into economic and social chaos. The American people were entitled to be assured that Philippine separation should be 'accomplished without endangering' the United States 'in military action hereafter to maintain internal order or to protect the Philippines from encroachment by others, and above all that this' should 'be accomplished so as to avoid the very grave danger of future controversies and seeds of war with other nations. We have a responsibility to the World that,

<sup>1</sup> The text of the Bill was published in *The United States Daily*, 30th December, 1932.

<sup>2</sup> See pp. 565-6 above.

having undertaken to develop and perfect freedom for these people, we shall not by our course project more chaos into a World already sorely beset by instability.' The President argued that the present Bill failed to fulfil these responsibilities. He pointed out that for ten years after the adoption of a constitution the United States would have responsibilities without means of control, and after the establishment of full independence the United States was to retain the right to maintain military and naval bases in the Philippines, though at the same time the President was asked by Congress to begin negotiations with other Powers for the neutralization of the Islands.

Meanwhile, at Manila, on the 16th January, 1933, the Philippine leaders had determined not to accept the Bill, even if it overrode the President's veto. The Mission at Washington was informed that, if it could secure no other legislation, then the present Jones Act should be maintained in force until another, granting immediate independence, could be obtained from the incoming Democratic Administration. Nevertheless, at the opening of the new session at Manila, a great display of cordiality between Governor-General Roosevelt and the Legislature was said to be apparent.

During the summer of 1933 the Philippine Independence Mission that had been working in Washington returned to Manila, and on the 31st July a majority in the Legislature, headed by Senator Quezon, repudiated both the leaders of the Mission, Senator Osmena and Mr. Roxas, and deprived them of their offices. On the 7th August it was decided that a new Mission should be sent to Washington; but on the 17th October, before the Mission had left the Islands, the Legislature adopted a resolution rejecting the terms of the Hare-Hawes-Cutting Act. At the same time both the principal political factions indicated that they did not consider the rejection definitive. Senator Quezon let it be known that, if President Roosevelt could give an assurance that the United States Congress would consider amendments to the Act, he would be ready to recommend that the Philippine Legislature should withdraw their veto and formally adopt the Act before the 17th January, 1934—the date which would mark the expiration of the period of one year from the date of enactment within which the Constitutional Congress was to be summoned in accordance with the provisions of the Act.

On the 4th November, 1933, Senator Quezon sailed once more for the United States as the leader of the new Mission, and by the beginning of January 1934 he had prepared counter-proposals at the request of President Roosevelt. No decision had been taken, however, when the Hare-Hawes-Cutting Act lapsed on the 17th January.

Thereafter, on the 2nd March, President Roosevelt sent a special message to Congress recommending the revival of the Act, but with an important amendment relating to the United States military and naval bases. Mr. Roosevelt's recommendation was that the military bases should be relinquished simultaneously with the attainment of independence, and that the new Bill should provide for 'the ultimate settlement' of the question of naval bases 'on terms satisfactory' to the Governments of the United States and of the Philippine Islands. He did not believe that any of the other provisions of the Bill need be changed, since he was confident that 'where imperfections or inequalities' existed, they could be 'corrected after proper hearing and in fairness to both peoples'. 'Our nation', he declared, 'covets no territory and desires to hold no people over whom it has gained sovereignty through war against their will', but to grant independence 'without allowing sufficient time for the necessary political and economic adjustments would be a definite injustice to the people of the Islands little short of a denial of independence itself. To change at this time the economic provisions of the previous law would reflect discredit on ourselves.'<sup>1</sup>

The President's proposals encountered no opposition in Congress, and on the 19th March, 1934, the amended Bill passed the House of Representatives without a division, after Representative McDuffie, who was in charge of the Bill, had informed the House that Senator Quezon had given an assurance that the Bill, in its present form, would be ratified by the Philippine Legislature without delay. The Bill passed the Senate, where its sponsor was Senator Tydings, on the 22nd March, and on the 24th March it received the President's assent.

Thereupon, the Philippine Mission announced that the Tydings-McDuffie Act would be accepted by the Philippine Legislature on the 1st May, 1934; and although signs of uneasiness, especially in regard to the economic consequences of the Act, were manifested in the Philippines in the following weeks, the pledge which had been given by the Philippine Mission was duly honoured. On the 1st May a resolution accepting the Tydings-McDuffie Act, which had been drafted by Senator Quezon in co-operation with Senator Osmena (the former leader of the Independence Mission, who had been deposed in July 1933), was adopted by the unanimous vote of the Philippine Legislature. The first definite step in the direction of the attainment

<sup>1</sup> The reference in the last sentence was presumably to the proposal that the new Revenue Bill should impose a tax on cocoanut oil imported from the Philippines (see pp. 572-3 below).

of independence was taken on the 10th July, when the members of the Constitutional Convention were elected; but the preparation for the election was said to have been carried out in an atmosphere of the 'greatest apathy',<sup>1</sup> and interest continued to be centred on the economic aspect of future relations with the United States.

Since the enactment of the Philippines Independence Act, two other pieces of legislation which affected the economic relations between the Islands and the United States had been passed by the Congress at Washington and received the President's assent. The Costigan-Jones Sugar Act, which passed the House of Representatives on the 4th April and the Senate on the 20th April and was signed by the President on the 9th May, provided, *inter alia*, that the United States Secretary for Agriculture should fix quotas for sugar imported into the United States from Cuba, Hawaii, Puerto Rico, and the Philippines. The quota for the Philippines was expected to be 1,037,000 tons a year; and, since the total imports of Philippine sugar into the United States during the seven months beginning on the 1st November, 1933, amounted to 1,216,071 tons, it was clear that producers in the Philippines would have to restrict their output considerably. An additional difficulty was created by the fact that the Act was retroactive, and the Philippine producers, who had not been expecting this, were faced with the prospect of having to pay for the cost of warehousing the surplus over and above the quota which they had already shipped to the United States.

The Costigan-Jones Sugar Act did not actually override the provisions for the duty-free importation of sugar which were included in the Tydings-McDuffie Independence Act, since the quota to be fixed by the Secretary of Agriculture would be larger than the quota specified in the Independence Act, but the Revenue Act which was signed by President Roosevelt on the 10th May did run counter to the Independence Act. For the Revenue Act provided for the imposition of an excise tax on all cocoanut oil imported into the United States, regardless of the fact that the Philippines Independence Act stipulated that no duty should be imposed on any imports from the Philippines until after the establishment of the Commonwealth and that thereafter, for five years, an annual quota of 200,000 tons of cocoanut oil should be exempt from duty. On the 24th March, 1934, when the Revenue Bill was under consideration by the Senate Finance Committee, President Roosevelt wrote to the Chairman of the Committee, Senator Harrison, expressing the opinion that the imposition of a tax on cocoanut oil would be 'a violation of the spirit'

<sup>1</sup> See *The New York Times*, 10th July, 1934.

of the Philippines Independence Act, and suggesting that the provision for such a tax should be eliminated from the Bill. On the 11th April the Senate acted contrary to the President's recommendation by adopting, by 59 votes to 17, the proposal for a tax on all imported vegetable and fish oils, though at the same time they accepted an amendment put forward by Senator Norris providing that the proceeds of the tax on Philippine oil should be returned to the Philippine Treasury. In the final form of the Bill, as it emerged after the Senate's amendments had been considered by a joint conference of the House of Representatives and the Senate, the Norris amendment was retained, and the tax on Philippine cocoanut oils and copra was fixed at 3 cents a pound, compared with 5 cents a pound on imported oils and fats from other sources. In this form the President signed the Act. Although the amendments had done something to meet the objections to the original proposal, they did not alter the fundamental fact that the Revenue Act imposed restrictions upon Philippine exports of cocoanut oil which were not in accordance with the 'spirit and intent' of the Independence Act. On the 28th May President Roosevelt sent a special message to Congress asking that the provision for a tax on Philippine oil might be reconsidered. He gave three reasons for making this request: first, because the tax implied the 'withdrawal of an offer made by the Congress of the United States to the people of the Philippine Islands'; second, because 'enforcement of this provision at this time' would 'produce a serious condition among many thousands of families in the Philippine Islands'; third, because 'no effort' had 'been made to work out some form of compromise which would be less unjust to the Philippine people and at the same time attain, even if more slowly, the object of helping the butter and animal-fat industry in the United States'.

No further action had been taken in regard to the tax on cocoanut oil when, on the 17th July, in an address at the opening of a new session of the Legislature, Senator Quezon indicated the course of action which the Philippine leaders intended to follow in economic matters.

It appears clearly [he said] that we are now dependent upon the United States for the continued prosperity of our people and the ability to meet the burdens of progressive government. It should then be our first concern (1) to try to secure elimination of the provisions of the Tydings law which impose a progressive export tax after the fifth year of the Commonwealth; (2) to raise to a higher figure the limitation imposed on our right to export free of duty certain articles and products; (3) to make this arrangement in our trade relations with America permanent, or at least for a great number of years after independence is granted.

Senator Quezon added that it was impossible to state whether this programme could be carried out, but he expressed the opinion that the United States might be prepared to accept proposals on these lines if the Philippines offered sufficient inducements for American trade. It appeared, therefore, that recent developments had not caused the Philippine leaders to abandon the hope that the attainment of political independence might not prove incompatible with the retention of some at least of the economic advantages which the Islands had enjoyed as a dominion of the United States.

# APPENDIX

## CHRONOLOGY OF EVENTS, 1933<sup>1</sup>

N.B. The following abbreviations are used in the references to the published texts of the treaties and documents: *Omd.* = *British Parliamentary Paper*; *D.I.A.* = *Documents on International Affairs*; *E.N.* = *L'Europe Nouvelle*; *F.F.* = *Feuille Fédérale* (Switzerland); *F.N.* = *Financial News*; *I.I.I.* = *Bulletin de l'Institut Intermédiaire International*; *L.N.M.S.* = *League of Nations Monthly Summary*; *L.N.O.J.* = *League of Nations Official Journal*; *L.N.T.S.* = *League of Nations Treaty Series*; *N.Y.T.* = *New York Times*; *Ov.F.S.* = *Överenskomster med Fremmede Stater* (Norway); *P.O.I.J.* = *Permanent Court of International Justice*; *S.* = *Staatsblad* (Netherlands); *S.Ö.F.M.* = *Sveriges Överenskommelser med Frammående Makter*; *T.I.* = *Treaty Information* (U.S.A.); *U.S.D.* = *United States Daily*; *U.S.E.A.* = *United States Executive Agreements*; *U.S.P.R.* = *United States Press Releases*.

### *Abyssinia*

1933, May 24. Friendship and commerce treaty signed with Switzerland and Liechtenstein (*F.F.* June 21, 1933).

### *Afghanistan*

1933, Nov. 8. Assassination of King Nadir Shah. His son Muhammad Zahir Khan succeeded him.

See also under *Security*, July 3.

*Aggression, Definition of.* See under *Security*.

*Argentina.* See under *Bolivia*, Feb. 1, Feb. 25, May 13, July 26; *Colombia*, Jan. 23; *Cuba*, Sept. 8; *League of Nations*, Sept. 25; *Security*, Oct. 10; *Wheat*; *World Economic Conference*.

*Australia.* See under *League of Nations*, Sept. 25; *Wheat*; *World Economic Conference*, June 12.

### *Austria*

1933, Jan. 8. It was reported that rifles and machine-guns had been sent on Dec. 30 and 31 from Italy to a cartridge factory at Hirtenberg, Austria, and that some of these had since been sent to Hungary. Jan. 9, Austrian Government announced that the arms were of Austrian origin and had been returned for repairs. Representations were made on Jan. 10 and 11 by the French Minister in Vienna and on Jan. 11 by Little Entente representatives. Jan. 20, M. Cot told the Foreign Affairs Commission of the French Chamber of Deputies that Austria had infringed the St. Germain Treaty and that the French Government were ready to associate themselves

<sup>1</sup> In this chronology only a few treaties of political importance are included. For a full list of bilateral and multilateral treaties and conventions signed or ratified during the year 1933, see the supplementary volume, *Documents on International Affairs*, 1933.



*Austria: cont.*

- with measures taken by the Little Entente. Jan. 24, Little Entente decided to appeal to League Council but later agreed to await result of Franco-British inquiries, which were made on Jan. 28 in Budapest and Vienna and on Jan. 30 in Rome. Feb. 1, Dr. Dollfuss presented written reply (*Temps*, Feb. 17, 1933). Feb. 3, Little Entente postponed appeal to Council and on Feb. 4 asked France and Great Britain to make further *démarche*.<sup>1</sup> Feb. 11, French note to Austria (with which Great Britain associated herself) demanding sworn testimony by customs officials that arms had been returned or destroyed. Feb. 17, *Giornale d'Italia* published French note. Feb. 20, Italian Government proposed to take arms back if signed statement were accepted as proof. Feb. 21, Dr. Dollfuss stated that his Government could not accept the demand for sworn testimony but was prepared to return arms when repaired. Feb. 26 and 27, French and British notes informing Little Entente Secretariat of settlement.<sup>1</sup> March 1, Little Entente sent notes to France, Great Britain and League of Nations accepting settlement so long as it did not establish a precedent.<sup>1</sup>
- Jan. 10. Government signed agreement with foreign creditors of Credit-Anstalt, but stated on March 30 that they could not undertake amortization payments. April 27, further agreement signed postponing payments till March 1, 1935.
- Jan. 12-14. Committee of Control considered conditions for issue of loan under Protocol of 1932. Jan. 28, League Council instructed its President to appoint trustees. Aug. 10, British, French and Italian issues of loans made. Sept. 23, Belgium deposited ratification of 1932 Protocol.
- March 18. Dr. Frank, Bavarian Minister of Justice, broadcast a speech to 'oppressed' Austrian Nazis.
- March 31. Republikanische Schutzbund (Social Democrat defence force) dissolved.
- April 11-17. Meeting between Dr. Dollfuss, Herr von Papen, Captain Göring, and Signor Mussolini in Rome.
- May 4. Certain political organizations, including Nazis, forbidden to wear uniform.
- May 6. Speech on *Anschluss* by Bavarian Prime Minister, Herr Siebert.
- May 13-15. Dr. Frank and Dr. Kerl, President of Prussian Landtag, visited Vienna and Graz. May 15, Nazi demonstration at Graz forbidden and Dr. Frank ordered to leave the country.
- May 26. Communist Party dissolved.
- May 29. German Government imposed fee of 1,000 marks on all tourist visas for Austria as from June 1.
- June 2-6. Dr. Dollfuss again visited Rome, where he signed a concordat with the Vatican and discussed the Austro-German situation with Signor Mussolini.
- June 11-13. Nazi agitators arrested, Brown Houses closed and all police placed under control of Major Fey, Minister of Public

<sup>1</sup> Text in *L.N.O.J.*, March 1933, pp. 398-400.

*Austria: cont.*

- Security. Herr Habicht, Nazi 'State Inspector for Austria', detained at Linz.
- June 14. Dr. Wasserbäck, Austrian press attaché in Berlin, arrested and made to leave Germany. Herr Habicht was expelled from Austria.
- June 19. Austrian Government prohibited all activities of Nazi Party (*D.I.A.*, 1933, pp. 386-7).
- July 4. Conciliatory semi-official statement appeared in German Foreign Political Correspondence proposing coalition between Austrian Government parties and Nazis.
- July 5. Herr Habicht broadcast a speech from Munich refusing any compromise (*D.I.A.*, 1933, pp. 387-8). Throughout the summer Herr Habicht and others continued to broadcast encouragements to Austrian Nazis.
- July 16. Upper Bavarian Nazis held demonstration near frontier at Kiefersfelden.
- July 21. German aeroplanes dropped propaganda in Austrian territory. Other 'air raids' took place later.
- Aug. 5. Italian Ambassador in Berlin asked German Government for assurances regarding Nazi propaganda.
- Aug. 7. British and French Ambassadors made verbal representations under Four-Power Pact to German Government, which replied that the Pact had not been contravened and that interference in Austro-German questions was inadmissible.
- Aug. 9. Herr Habicht broadcast speech on 'Austria, Germany and Europe'.
- Aug. 11. Shooting incident at Klobenstein on frontier.
- Aug. 14. *Reichspost* published alleged Nazi documents. Aug. 17, Aussenpolitisches Amt of German Nazi Party disavowed documents and dismissed two officials who were alleged to have written them. Austrian Government approved decree depriving Nazi agitators abroad of their citizenship and property.
- Aug. 19-20. Conversations between Dr. Dollfuss and Signor Mussolini at Riccione (Text of *communiqué*, *D.I.A.*, 1933, pp. 391-2).
- Aug. 30. Austrian Government sent identic notes to signatories of St. Germain Treaty regarding organization of auxiliary military force. Sept. 1, British reply (*D.I.A.*, 1933, pp. 388-91).
- Sept. 11. Dr. Dollfuss made speech on proposal for corporate state and reconciliation with Germany.
- Sept. 21. Reconstruction of Cabinet. Dr. Dollfuss became Chancellor and Minister for Foreign Affairs, Public Security, the Army and Agriculture. Major Fey became Vice-Chancellor.
- Sept. 23. Herr Habicht stated in a broadcast speech that an understanding might be reached between Nazis and the New Austrian Government.
- Oct. 3. Unsuccessful attempt to assassinate Dr. Dollfuss.
- Oct. 11. First Austrian broadcast in reply to German campaign.
- Nov. 11. Government introduced death penalty under martial law for cases of murder, open revolt and malicious damage to property.

*Austria:* cont.

- Nov. 23. Reichswehr soldier killed by Austrian frontier guards.  
 Nov. 28, Austrian Ambassador offered apology to German Government, as a joint commission of inquiry had reported that the soldier had not crossed the frontier.

*Balkan States.* See under *Conferences, International*, Nov. 5.

*Belgium.* See under *Austria*, Jan. 12; *League of Nations*, Oct. 26; *Inter-Governmental Debts*, June 15, Dec. 15; *World Economic Conference*.

*Bolivia*

- 1933, Feb. 1-2. The Foreign Ministers of Argentina and Chile met at Mendoza and drew up conciliation formula for settlement of Bolivian dispute with Paraguay regarding Gran Chaco.  
 Feb. 3. League Council discussed dispute and postponed sending of Commission of Inquiry during Argentinian-Chilean mediation.  
 Feb. 25. Argentina and Chile presented 'Mendoza formula' to Bolivia and Paraguay; formula was not accepted by either belligerent.  
 Feb. 25. British Government presented memorandum to the League on the supply of arms to both countries, which was considered by the League Council on Feb. 28 and March 2 at informal meetings.  
 March 6, Committee of Three asked League Council to consider dispute under Art. 11 of Covenant. March 8, further Council discussion.  
 May 10. Paraguay declared that a state of war existed.  
 May 13. Neutrality declared by Argentina, Brazil, Chile and Uruguay; declared by Peru on May 14.  
 May 15. League Council referred dispute back to Committee of Three, which drafted report recommending arbitration and despatch of a Commission of Inquiry. May 20, report adopted by Council and accepted by Paraguay. May 27, Bolivia rejected report.  
 June 8. Committee of Three made proposals to League Council for carrying out report of May 20. June 26, Bolivia accepted proposal regarding Commission of Inquiry. July 3, League Council definitely decided to appoint Commission.  
 June 27. Washington Committee of Neutrals withdrew from mediation.  
 July 26. Bolivia and Paraguay asked Committee of Three for transfer of mandate of Commission of Inquiry to Argentina, Brazil, Chile, and Peru (A.B.C.P. Group). Aug. 3, League Council agreed to this.  
 Oct. 1, A.B.C.P. Group informed League that their efforts at mediation had failed.  
 Oct. 19. Commission of Inquiry left Europe, began work at Montevideo on Nov. 3, and then visited Bolivia, Paraguay, and the Chaco.  
 Dec. 8. Paraguayans won important victory at Fort Alihuata.  
 Dec. 8. President Terra of Uruguay began conversations with Bolivian and Paraguayan delegations to Pan-American Conference.  
 Dec. 15, Committee on Organization of Peace of Conference adopted resolution offering services of all Governments represented in settlement of dispute and declaring readiness to co-operate with League of Nations in application of Covenant.

*Bolivia: cont.*

Dec. 19. Armistice proposed by Paraguay came into effect till Dec. 30 and was later extended till Jan. 6, 1934.

Dec. 26. Pan-American Conference adopted resolution calling on both disputants to accept League mediation.

*Brazil*

1933, Jan. 27. Conciliation treaty signed with Poland. Ratifications exchanged Oct. 13.

March 21/23. Notes exchanged with Venezuela regarding frontier delimitation.

June 29. Agreement signed between Federal Government, Banco do Brazil, and N. M. Rothschild and Sons, regarding transfer of foreign exchange arrears.

See also under *Bolivia*, May 13, July 26; *China*, Feb. 8; *Colombia*, Jan. 23, Feb. 14, Feb. 27, Oct. 25; *Security*, Oct. 10; *World Economic Conference*.

*British Empire.* See under *Conferences, International*, Sept. 11; *World Economic Conference*.

*Bulgaria*

1933, April 6-14. League of Nations financial experts visited Sofia. Sept. 10, M. Charron arrived in Sofia on behalf of the League.

Sept. 20-3. Ismet Paşa and Tefik Rüstü Beğ visited Sofia. Sept. 23, Protocol signed renewing Bulgarian-Turkish neutrality treaty of March 6, 1929, for five years.

Oct. 3. King Boris of Bulgaria met King Alexander of Yugoslavia at Varna. Dec. 10-13, King Boris and Queen Ioanna visited Belgrade.

*Canada.* See under *Wheat*; *World Economic Conference*.

*Chile.* See under *Bolivia*, Feb. 1, Feb. 25, May 13, July 26; *Colombia*, Jan. 17; *Cuba*, Sept. 8; *Security*, Oct. 10; *World Economic Conference*.

*China*

1933, Jan. 3. Japanese and Manchukuo forces bombarded and occupied Shanhaikwan.

Jan. 16. League Committee of Nineteen met to discuss Sino-Japanese dispute. Jan. 18, Japanese Government proposed amendments to draft resolutions of Committee. Jan. 21, Japanese Government rejected first draft resolution and Committee decided to prepare draft report on dispute. Feb. 8, new Japanese proposals made to Committee, which discussed them on Feb. 9. Feb. 14, Japan gave further information to Committee, which adopted draft report (*D.I.A.*, 1932, pp. 384-9). Feb. 21, Special Session of Assembly met. Feb. 24, forty-two States voted for adoption of report, Siam abstained and Japan voted against and withdrew from Assembly (*D.I.A.*, 1932, pp. 390-1). Assembly appointed Advisory Committee and communicated report to U.S.S.R. and to U.S.A., which replied on Feb. 25 (p. 510 above). Invitations to participate in work of Committee were refused by U.S.S.R. on March 7 and accepted by U.S.A. on March 11. March 15, Advisory Committee met and later

*China: cont.*

appointed two sub-committees to consider question of export of arms to Far East and measures to be taken in consequence of non-recognition of Manchukuo. June 15, Advisory Committee addressed circular to all Governments on carrying out of non-recognition policy.

Feb. 8. Exchange of notes with Brazil, France, Great Britain, Netherlands, Norway and U.S.A. renewing Shanghai Provisional Court Agreement of Feb. 17, 1930, for three years from April 1 (*Cmd.* 4348).

Feb. 22. Japanese note to China demanding withdrawal of Chinese troops from Jehol Province. Feb. 24, Chinese reply. Japanese and Manchukuo troops advanced into Jehol and reached the Great Wall by March 5. March 10, Marshal Chang Hsüeh-liang resigned command of north-eastern defence forces.

Feb. 27. Sir John Simon stated in House of Commons that an arms embargo could be applied to both China and Japan. March 14, embargo lifted.

March 29. Wang Ching-wei became President of Executive Yuan.

March 30. Japanese and Manchukuo troops entered Dolonor in Chahar Province. During April and May they advanced south of Great Wall, occupied Lwan River district and threatened Peiping and Tientsin. May 31, armistice signed at Tang Ku (*D.I.A.*, 1933, p. 493).

April. Outbreak of revolt by Tungans and Turkis in Sinkiang (Chinese Turkestan).

April 17. Exchange of notes with the Netherlands regarding Boxer indemnity (*I.I.I.*, Oct. 1933).

May 2. M. Bogomoloff presented credentials as Soviet Ambassador.

June 4. Reconstruction Finance Corporation (U.S.A.) announced the granting of a \$ 50,000,000 loan to the Nanking Government for the purchase of U.S. cotton and wheat flour.

June 28. Nanking Government asked League Council for the appointment of a technical agent to maintain liaison between China and League during reconstruction period. July 3, League Council discussed request. July 18, Dr. L. Rajchman appointed technical agent for one year.

July. Inner Mongolian princes met at Pai Ling Miao to discuss question of autonomy. Oct. 27, General Huang Shao-hsiung, Chinese Minister of the Interior, left Peiping to negotiate with Mongols at Kalgan and Kweihua.

Oct. 29. Mr. T. V. Soong resigned from posts of Finance Minister and Vice-Chairman of the Executive Yuan. Mr. H. H. Kung succeeded him.

Nov. 3. Japanese completed withdrawal from demilitarized zone south of Great Wall.

Nov. 20. Fukien Province proclaimed independent of Nanking.

Nov. 21, People's Provisional Government set up under chairmanship of General Li Ch'i-sen.

See also under *Japan*, April 8; *World Economic Conference*.

*Colombia*

- 1933, Jan. 4. Colombia presented memorandum to League of Nations regarding Peruvian occupation of Leticia on the Amazon.
- Jan. 6. The commander of troops in Eastern Peru told commander of Colombian expeditionary force at Manaos that he would defend Leticia. Jan. 11, Colombian request to Peru to retire from Colombian territory. Jan. 14, Peruvian answer (*Temps*, Jan. 27, 1933).
- Jan. 14. League Council appealed to both parties, who replied on Jan. 16. Further replies from Peru on Jan. 19 and 23.
- Jan. 17. President of Chile made proposals for peaceful settlement.
- Jan. 23. Colombian note to Kellogg Pact signatories (*N.Y.T.*, Jan. 25, 1933). Jan. 24, Mr. Stimson consulted with representatives of Kellogg Pact signatories. Jan. 25, U.S. note urging Peru to accept formula already proposed by Brazil (*N.Y.T.*, Jan. 26, 1933).
- Jan. 26, Argentinian representatives in Colombia and Peru instructed to state approval of Brazilian formula. Jan. 27, U.S.A. informed League of note to Peru, and Peru replied to U.S.A.
- Jan. 30, further U.S. note to Peru (*N.Y.T.*, Feb. 1, 1933). Feb. 1, Peru replied.
- Jan. 24. League Council referred dispute to Committee of Three and after discussion on Jan. 26 telegraphed to both Governments, who replied on Jan. 28 and Feb. 2. Feb. 3, further discussion by Council and appeal sent to Peru.
- Feb. 14. Colombian Government informed Peru that they considered that Brazilian offer of mediation was at an end. Diplomatic relations were broken off and Colombian forces reoccupied Tarapacá.
- Feb. 16/17. Committee of Three obtained further information from Peru. Feb. 17, Colombia appealed to League under Art. 15 of Covenant. Feb. 21, League Council considered appeal. Feb. 25, Committee of Three proposed temporary control of Leticia by League Commission. Feb. 27, Colombia accepted this, and both parties agreed to refrain from hostilities.
- Feb. 27. Mr. Stimson sent identic messages to both Governments in support of League proposals (*U.S.D.*, March 3, 1933) and informed League Council of his action. March 1, League Council adopted proposals of Committee of Three. March 8, League Council decided that, as Peruvian counter-proposals provided no basis for solution, the Committee should prepare a draft report in accordance with Article 15 of the Covenant. March 18, League Council adopted report and set up an Advisory Committee. On March 18 and 24, U.S.A. and Brazil agreed to take part in work of Committee.
- March 26-9. Fighting took place on Putumayo River.
- March 30. Peruvian communication to Advisory Committee regarding hostilities. April 5, Colombian counter-reply. April 5-6, meeting of Committee.
- April 17-20. Renewed fighting on Putumayo River.
- May 3. Peruvian warships passed through Panamá Canal *en route* for Leticia.
- May 10. Advisory Committee make recommendations, which were accepted by Colombia on May 12 and by Peru on May 24 after direct

*Colombia: cont.*

negotiations in Lima. May 25, both parties signed agreement with League Council (*L.N.M.S.*, May 1933). June 9, League Administrative Commission appointed. June 23, Commission reached Leticia and arranged for the withdrawal of Colombian and Peruvian forces. Oct. 25. Colombia and Peru began negotiations at Rio de Janeiro under the auspices of the Brazilian Foreign Minister.

*Conferences, International*

1933, May 29–June 2. Sixth Conference of Institutions for the Scientific Study of International Relations held in London.

Aug. 14–26. Fifth Institute of Pacific Relations Conference held at Banff, Canada.

Sept. 11–21. British Commonwealth Relations Conference held at Toronto.

Nov. 5–11. Fourth Balkan Conference held at Salonica. Resolutions were adopted regarding Balkan Pact and annual meetings between Foreign Ministers.

Nov. 9. Statement issued regarding policy of United States at Seventh Pan-American Conference (*U.S.P.R.*, Nov. 11, 1933).

Dec. 3, Conference opened at Montevideo. Dec. 12, Mr. Hull presented U.S. economic proposals (*U.S.P.R.*, Dec. 16, 1933).

Dec. 15, Mr. Hull spoke on non-intervention and the organization of peace (*U.S.P.R.*, Dec. 16, 1933). Dec. 16, resolutions adopted on economic policy and adherence to and ratification of peace instruments (*D.I.A.*, 1933, pp. 486–90).

Dec. 24, resolutions adopted on import restrictions and multilateral commercial treaties (*D.I.A.*, 1933, pp. 490–2).

Dec. 26, the following agreements were signed at a final session: (1) additional protocol to General Convention of Inter-American conciliation, 1929; (2) convention on rights and duties of States (1), (2) (*D.I.A.*, 1933, pp. 482–6); (3–6) conventions on nationality of women, naturalization, extradition and political asylum ((1–6) Pan-American Conference, 1933, *Final Act*, 1934).

See also under *Disarmament*; *World Economic Conference*.

*Costa-Rica*

1933, Oct. 31. Arbitration and conciliation treaty signed with Italy.

*Cuba*

1933, April 21. Mr. Sumner Welles appointed U.S. Ambassador to Cuba with instructions to carry out commercial negotiations and mediate between political factions. July 1, Mr. Welles began mediation.

Aug. 3. Road transport strike led to general strike throughout the Island. Aug. 11, army officers carried out *coup d'état* against President Machado. Aug. 12, Dr. de Cespedes became President.

Aug. 13. U.S. destroyers sent to Havana, but recalled on Aug. 14 and 18.

Sept. 4. Revolution carried out by army rank and file and Student Directorate. Sept. 5, de Cespedes Government replaced by Executive Commission.

*Cuba: cont.*

- Sept. 5-9. Thirty U.S. warships ordered to Cuban waters.
- Sept. 6. President Roosevelt issued statement of policy after consultation with representatives of Latin-American States (see p. 383 above). Sept. 8, Argentine reply (*N.Y.T.*, Sept. 9, 1933).
- Sept. 8. Mexican Government requested A.B.C. Governments to join in urging the Cuban Government to maintain order. The Mexican Government also sent the Cuban Government a friendly message equivalent to recognition.
- Sept. 10. Dr. Ramon Grau San Martin became President.
- Sept. 11. U.S. Government made statement on conditions necessary for recognition (*U.S.P.R.*, Sept. 16, 1933).
- Sept. 29. Fighting between police and Communists in Havana.
- Oct. 2. Government forces overcame recalcitrant army officers in National Hotel.
- Oct. 11. Cuban Government recognized by Peru; recognized by Spain on Oct. 12.
- Nov. 8-9. Unsuccessful revolt by A.B.C. party in Havana.
- Nov. 19. Mr. Welles discussed situation with President Roosevelt, who issued a statement on Nov. 24 regarding delay in recognition of Cuban Government and the recall of Mr. Welles.
- Dec. 31. Cuban Government defaulted on public works obligations contracted during Machado régime.

*Czechoslovakia*

- 1933, April 8. Czechoslovakia made declaration withdrawing from Permanent Court of International Justice appeals from decisions of Hungaro-Czechoslovak Mixed Arbitral Tribunal. May 12, Permanent Court made order terminating case (*P.C.I.J.*, Series A/B, No. 56).
  - May 9. Czechoslovakia appealed to Permanent Court from decision of Hungaro-Czechoslovak Mixed Arbitral Tribunal regarding the Royal Hungarian Peter Pázmány University of Budapest. Dec. 15, Permanent Court dismissed appeal (*P.C.I.J.*, Series A/B, No. 61).
  - Oct. 11. Arbitration and judicial settlement convention signed with Latvia.
- See also under: *Austria*, Jan. 8; *Inter-Governmental Debts, Little Entente; Rumania*, March 24; *Security*, March 18, July 3.

*Danzig*

- 1933, Feb. 15. Danzig Senate informed Polish Commissioner that they would no longer carry out provisions of harbour police agreement of Sept. 1, 1923. Free City police replaced Harbour Board police at Westerplatte. March 7, Polish Government asked High Commissioner to declare that this constituted 'direct action'.
- March 6. Polish Government sent more soldiers to guard Westerplatte munitions depot. President of Danzig Senate appealed to High Commissioner, who referred question to League Council.
- March 13. Agreement reached with Poland at Geneva on questions of harbour police and Westerplatte guard. March 14, League Council discussed both questions.



*Danzig: cont.*

- May 12. Nazi storm troops and police occupied trade union headquarters. May 28, Nazi victory in Volkstag election.  
 July 3-4. President and Vice-President of Senate visited Warsaw.  
 Aug. 5. Agreement signed regarding Polish use of Danzig harbour (*L.N.O.J.*, Oct. 1933). Sept. 18, two protocols signed regarding harbour agreement and treatment of Poles in Danzig (*L.N.O.J.*, Oct. and Nov. 1933).  
 Sept. 22. Polish Prime Minister visited Danzig.  
 Oct. 26. Mr. Sean Lester appointed High Commissioner as from Jan. 15, 1934.  
 Nov. 2. Vice-President of Senate stated that all police officials must be Nazis. Nov. 3, Protest from High Commissioner, who referred question to League Council on Nov. 6.

*Denmark*

- 1933, April 5. Permanent Court of International Justice gave judgment rejecting Norwegian claim to sovereignty over Eastern Greenland (*P.C.I.J.*, Series A/B, No. 53). April 18, Denmark and Norway withdrew proceedings in South-Eastern Greenland case. May 11, Court made order terminating proceedings (*P.C.I.J.*, Series A/B, No. 55).  
 April 13. Arbitration, conciliation, and judicial settlement treaty signed with Greece (*Messageur d'Athènes*, Oct. 18, 1933).  
 Dec. 18. Ratifications exchanged with Turkey of arbitration, conciliation and judicial settlement treaty of March 8, 1932.  
 Dec. 19. Arbitration, conciliation and judicial settlement treaty signed with Venezuela.  
 See also under *League of Nations*, Sept. 25.

*Disarmament*

- 1933, Jan. 10. President Hoover sent message to Congress enclosing Stimson memorandum proposing ratification of 1925 arms traffic convention or legislation empowering President to declare arms embargo (*D.I.A.*, 1933, pp. 454-8). Jan. 19, Senate approved embargo resolution (*U.S.D.*, Jan. 20, 1933). Feb. 15, House of Representatives Foreign Affairs Committee reported similar resolution to House with amendment restricting embargo to American continent. April 17, House passed new resolution. May 27, Senate Foreign Relations Committee passed resolution with amendment applying embargo to all parties in a dispute (*N.Y.T.*, May 28, 1933).  
 Jan. 23-31. Disarmament Conference Bureau examined report of committee on supervision and conclusions of committee on chemical and bacteriological warfare.  
 Feb. 2-8. General Commission of Conference discussed French Plan of November 1932.  
 Feb. 9-10. Bureau considered British programme of work.  
 Feb. 13-March 6. General Commission discussed question of effectives.  
 Feb. 22. French resolution adopted on standardization of armies.  
 March 6, Committee set up to consider question of overseas effectives.

*Disarmament: cont.*

- Feb. 14-March 2. Political Commission of Conference discussed declaration against resort to force (*L.N.M.S.*, March 1933). March 4-7, draft pact of mutual assistance considered. March 10, discussion of Soviet proposal on defining aggressor.
- March 1. M. Daladier, in speech to American Press Association in Paris, emphasized importance of supervision as guarantee of security.
- March 9. General Commission began discussing land material.
- March 16. Mr. MacDonald submitted British draft convention to General Commission (*D.I.A.*, 1933, pp. 144-94). March 24-7, discussion of convention.
- April 13. Debate in House of Commons on disarmament and the Four-Power Pact.
- April 25. General Commission began to examine British draft convention.
- May 11. Article by Freiherr von Neurath on equality of status appeared in German press.
- May 12. M. Paul-Boncour made statement to press and speech in Senate on application of Versailles Treaty if no agreement were reached with Germany.
- May 13. Speech on war by Herr von Papen (*D.I.A.*, 1933, pp. 406).
- May 16. Appeal by President Roosevelt to states represented at Conference (*D.I.A.*, 1933, pp. 194-6).
- May 17. Statement on disarmament and foreign policy by Herr Hitler (*D.I.A.*, 1933, pp. 196-208).
- May 22. Mr. Norman Davis made statement to General Commission on disarmament, security and consultation with other states (*D.I.A.*, 1933, pp. 208-14).
- May 24. Committee on security questions issued report (*D.I.A.*, 1933, pp. 218-30).
- June 7. General Commission adopted resolutions on (1) discussion of British draft; (2) defence expenditure ((2) *L.N.M.S.*, June 1933).
- June 8, Commission adjourned during London Economic Conference. June 29, Commission again adjourned till Oct. 16.
- July 10-23. Mr. Henderson, President of the Conference, visited Paris, Rome, Berlin, Prague, Munich and London.
- Sept. 5. Mr. Norman Davis arrived in London for conversations with British Government.
- Sept. 12. Technical Committee of National Defence Expenditure Commission resumed work.
- Sept. 18. Franco-British conversations in Paris, followed by Franco-American conversations, and by negotiations at Geneva, in which American, British, French, German, and Italian representatives took part and which lasted till Sept. 29.
- Oct. 6. German *notes verbales* to Great Britain and Italy (*D.I.A.*, 1933, pp. 279-81).
- Oct. 9. Mr. Henderson reported to Bureau on July negotiations.
- Oct. 10-12. Further conversations between the five Powers.
- Oct. 14. Statement by Sir J. Simon on results of conversations (*D.I.A.*, 1933, pp. 281-4). Germany announced withdrawal from

*Disarmament: cont.*

- Conference and from League. Herr Hitler and German Government issued statements and Herr Hitler made broadcast speech (*D.I.A.*, 1933, pp. 285-98).
- Oct. 16. Bureau agreed on reply to Germany (*D.I.A.*, 1933, p. 286). General Commission approved reply and adjourned till Oct. 26.
- Oct. 17. United States issued statement of policy.
- Oct. 26. Bureau made recommendations for second reading of draft convention, which were approved by General Commission on Oct. 26.
- Nov. 6. Revised draft convention circulated.
- Nov. 6. Speech by Freiherr von Neurath on disarmament and League of Nations.
- Nov. 7. Statement by Sir J. Simon in House of Commons (*D.I.A.*, 1933, pp. 298-310).
- Nov. 9-11. Bureau discussed preparation of draft convention for second reading, and set up committees on supervision and on effectives.
- Nov. 11. Italian delegate stated that if technical discussions developed a political tendency, Italian experts would only take part in them as observers.
- Nov. 19-21. Conversations between Mr. Henderson and American, British, French and Italian representatives.
- Nov. 23. Bureau agreed to adjourn till Jan. 1934.
- Dec. 18. German memorandum presented to French Ambassador in Berlin (*D.I.A.*, 1933, pp. 328-32).

*Dominican Republic.* See under *Permanent Court of International Justice.*

*Egypt*

- 1933, Nov. 21. Ratifications exchanged with Uruguay of friendship treaty of Feb. 25, 1932.

*Estonia*

- 1933, June 28. Gold standard abandoned.
- See also under *Inter-Governmental Debts*, June 15, Dec. 15; *Security*, July 3.

*Europe*

- 1933, June 4-6. Conference of Agrarian States held at Bucarest (Text of resolutions *Messenger d'Athènes*, June 16 and 18, 1933).
- Sept. 29. Italian memorandum presented to representatives of Great Powers and Successor States at Geneva regarding recommendations of Stresa Conference (*D.I.A.*, 1933, pp. 410-14).
- See also under *Wheat*.

*Finland*

- 1933, Jan. 27. Ratifications exchanged with France of conciliation treaty of April 28, 1930; came into force Feb. 27 (*L.N.T.S.*, 139).
- Feb. 21. Ratifications exchanged with Persia of friendship treaty of Dec. 12, 1931.
- See also under *Inter-Governmental Debts*, Jan. 24, June 15, Dec. 15; *Security*, July 3.

*Four-Power Pact.* See under *Security*, March 18.

*France*

- 1933, Jan. 3. M. Henry de Jouvenel appointed Ambassador to Italy. July 18, he concluded his special mission and was afterwards succeeded by M. de Chambrun.
- Jan. 29. M. Paul-Boncour's Government resigned. Jan. 31, M. Daladier formed a Government.
- Feb. 15. Ratifications exchanged with U.S.S.R. of non-aggression and conciliation treaties of Nov. 29, 1932 (*E.N.*, Dec. 3, 1932).
- May 13. Ratifications exchanged with Turkey of arbitration, conciliation and friendship treaty of Feb. 3, 1930 (*E.N.*, July 8, 1933).
- May 23. French and Greek Governments referred case of Ottoman Government concession regarding lighthouses to Permanent Court of International Justice.
- Sept. 15-21. M. Pierre Cot, French Air Minister, visited Moscow.
- Oct. 24. M. Daladier's Government resigned. Oct. 27, M. Sarraut formed a Government.
- Nov. 16. Friendship and alliance treaty signed with Syria. Nov. 25, High Commissioner withdrew treaty from Syrian Chamber and prorogued Syrian Parliament.
- Nov. 24. M. Sarraut's Government resigned. Nov. 27, M. Chautemps formed a Government.
- Dec. 15. Arbitral decision published regarding trade between Savoy Free Zones and Canton of Geneva, to take effect from Jan. 1, 1934 (Summary of award *Journal de Genève*, Dec. 16, 1933).
- See also under *Austria*, Jan. 8, Jan. 12, Aug. 7; *China*, Feb. 8; *Disarmament*; *Finland*, Jan. 27; *Germany* (b), March 9; *Inter-Governmental Debts*; *Irāq*, July 21; *Japan*, April 8; *Jugoslavia*, March 9; *League of Nations*, Oct. 26; *Rumania*, Aug. 15; *Saar*; *Security*, March 18; *World Economic Conference*.

*Germany*

(a) *Financial Situation*

- 1933, Feb. 17. Standstill agreement initialed regarding foreign short-term commercial debts, replacing 1932 agreement as from March 1.
- March 2. Agreement reached regarding foreign short-term credits to states and communes, to remain in force till March 15, 1934.
- March 16. Dr. Schacht succeeded Dr. Luther as Chairman of Reichsbank.
- April 5. Reichsbank announced immediate repayment of central banks' rediscount credit of 1931.
- May 29. Conversations in Berlin between Dr. Schacht and representatives of foreign creditor banks. June 2, statement issued (*The Times*, June 3, 1933).
- June 9. Law passed declaring transfer moratorium as from July 1 for all payments except those covered by standstill agreement, 50 per cent. of interest payments to be made in Konversionskasse scrip. June 30, Reichsbank statement allowing transfer of Dawes Loan interest and sinking fund and Young Loan interest. July 12, further concessions announced (*The Times*, July 13, 1933).
- Nov. 7. British Government made protest against German con-

*Germany: cont.*

cessions regarding value of scrip held by Swiss and Dutch bondholders.

Dec. 5-7. Conversations between Reichsbank representatives and foreign bondholders. No agreement reached.

Dec. 18. Dr. Schacht told Reichsbank Central Committee that 30 per cent. only of interest could be transferred in future, except for the Dawes, Young and Potash Loans.

(b) *Foreign Relations*

1933, March 9. Nazis temporarily occupied barracks at Kehl in demilitarized zone. March 14, French Ambassador made representations to German Government.

March 11. Ratifications exchanged between Baden and Vatican of concordat of Oct. 12, 1932, and protocol of Nov. 7/10. Came into force the same day (*E.N.*, Dec. 30, 1933).

April 1. Nazi Party set up Aussenpolitisches Amt directed by Herr Alfred Rosenberg.

April 1 and 24. Prussian police raided premises of German-Russian Petroleum Co. ('Derop').

April 9-19. Captain Göring and Herr von Papen visited Rome.

May 3. Polish Ambassador in Berlin had interview with Herr Hitler (*Communiqué, D.I.A.*, 1933, p. 423).

May 5. Ratifications exchanged with U.S.S.R. of agreement of June 24, 1931, prolonging agreements of April 24, 1926, and Jan. 25, 1929 (*Soviet Union Review*, June 1933).

May 5-14. Dr. Rosenberg visited London.

May 19-21. Captain Göring visited Rome.

May 26 and 30. League Council discussed Herr Bernheim's petition regarding the Jewish minority in German Upper Silesia and referred legal points to Committee of Jurists. June 6, Council adopted jurists' report as to its competence to take a decision on the petition.

May 29-31. Dr. Göbbels visited Rome.

June 28-July 8. Herr von Papen visited Rome and discussed proposals for concordat. July 20, concordat signed. Sept. 10, ratifications exchanged and concordats came into force (*D.I.A.*, 1933, pp. 442-52).

Sept. 15. Statement on foreign policy by Freiherr von Neurath to international press (*The Times*, Sept. 16, 1933).

Oct. 11. League Assembly passed resolution on assistance to Jewish and other refugees from Germany. Oct. 26, Mr. J. G. MacDonald appointed League High Commissioner for such refugees.

Nov. 6-8. Captain Göring again visited Rome.

Nov. 12. Plebiscite held on foreign policy; 89.9 per cent. of electorate voted in favour of Government.

Nov. 15. Conversation between Herr Hitler and the Polish Ambassador in Berlin regarding non-aggression pact. (Text of *communiqué, D.I.A.*, 1933, p. 424).

Dec. 12-14. Signor Suvich, Italian Under Secretary of State for Foreign Affairs, visited Berlin.

Germany: cont.

(c) *Internal Affairs*

- 1933, Jan. 28. General von Schleicher resigned Chancellorship. Jan. 30, Herr Hitler became Chancellor. Feb. 1, Reichstag dissolved.
- Feb. 6. Prussian Government dismissed by presidential decree and its powers vested in Herr von Papen as Reichskommissar.
- Feb. 27. Burning of Reichstag. Feb. 28, decree issued regarding suppression of Communism.
- March 5. Nazis won 288 seats in general election and Nationalists 52 seats, gaining between them a clear majority. Nazis took over the Government of Hamburg.
- March 6. Reichskommissars appointed for Hessen on March 6 and for Baden, Saxony and Württemberg on March 8. March 9, General von Epp appointed Reichskommissar for Bavaria.
- March 13. Dr. Göbbels appointed Reich Minister for National Enlightenment and Propaganda.
- March 21. Opening of Reichstag in Potsdam Garrison Church. March 23, speech by Herr Hitler (*D.I.A.*, 1933, pp. 404-6). Reichstag adjourned.
- March 24. Enabling Bill became law, giving Government legislative power for four years.
- March 31. Cabinet approved provisional law on *Gleichschaltung* of *Länder* and *Reich* by means of the 'Nazification' of federal parliaments.
- April 1. One-day boycott put in force against Jews.
- April 8. Laws promulgated regarding Nazification and Aryanizing of civil service and further *Gleichschaltung* of *Länder* by appointment of *Reichsstatthalter*.
- April 11. Captain Göring appointed *Ministerpräsident* of Prussia.
- April 27. Secret State police force *Gestapo* established in Prussia. Herr Seldte announced incorporation of *Stahlhelm* in Nazi organization.
- May 2. Nazis took over free trade unions.
- May 15. Confiscation of property of Social-Democratic Party and *Reichsbanner*.
- May 17. Session of Reichstag.
- June 22. Government dissolved Social-Democratic Party.
- June 27. Herr Hugenberg resigned from Government. German Nationalist Front dissolved itself. Bavarian People's Party and German People's Party dissolved themselves on July 4 and Centre Party did so next day.
- Sept. 21-Dec. 23. Trial of Van der Lubbe, Herr Torgler and three Bulgarians for causing Reichstag fire; Van der Lubbe condemned to death, the others acquitted but not released.
- Nov. 12. Reichstag election. 87.8 per cent. of electorate voted for Government.
- See also under *Austria*, March 18, *seqq.*; *Disarmament*; *League of Nations*, Oct. 21; *Inter-Governmental Debts*, July 14; *Permanent Court of International Justice*, Feb. 4; *Poland*, Feb. 1, Feb. 4, Oct. 27; *Saar*; *Security*, March 18; *World Economic Conference*.

*Great Britain.* See under *Austria*, Jan. 8, Jan. 12, Aug. 7, Aug. 30; *Bolivia*, Feb. 25; *China*, Feb. 8, Feb. 27; *Disarmament*; *Germany* (a), Feb. 7; (b), May 5; *Greece*, Nov. 16; *Hungary*, March 13; *India*; *Inter-Governmental Debts*, July 14; *Jugoslavia*; *Mascot*; *Persia*, Jan. 24, Feb. 17; *Rumania*, Aug. 15; *Security*, March 18; *U.S.S.R.*, March 11; *World Economic Conference*.

### *Greece*

1933, Jan. 13. M. Tsaldaris's Government resigned. Jan. 16, M. Venizelos formed a Government.

Jan. 18. It was announced that Greek Government had transferred 30 per cent. of interest service of external loans to International Financial Commission.

March 5. Popular Party gained majority over Venizelists in general election. March 6, General Plastiras attempted to declare a dictatorship but was compelled to hand over office to General Othonaïas. March 10, M. Tsaldaris took office.

May 12. Ratifications exchanged with Spain of arbitration, conciliation and judicial settlement treaty of Jan. 23, 1930 (*L.N.T.S.*, 139).

Sept. 11-15. M. Tsaldaris and the Ministers for Foreign Affairs and National Economy visited Ankara. Sept. 14, friendship and co-operation pact signed with Turkey (*D.I.A.*, 1933, pp. 407-8).

Nov. 16. Agreement effected between Greek Government Council of Foreign Bondholders and League Loans Committee (*The Times*, Nov. 17, 1933).

Dec. 9. Agreement signed with Turkey winding up Mixed Commission for the Exchange of Populations (*Messenger d'Athènes*, Dec. 12, 1933).

See also under *Denmark*, April 15; *France*, May 23; *Inter-Governmental Debts*, May 10.

### *Guatemala*

1933, Jan. 23. Frontier agreement signed with Honduras (*L.N.T.S.*, 137).

Oct. 12. League Council agreed to Guatemalan request that an expert should be sent to reorganize fiscal system.

See also under *League of Nations*, Sept. 25.

### *Haiti*

Aug. 7. Treaty signed with U.S.A. regarding 'Haitianization' of services, evacuation of troops and financial questions (*U.S.E.A.*, No. 46, 1933).

*Honduras.* See under *Guatemala*, Jan. 23.

### *Hungary*

1933, March 13. It was announced that a new standstill agreement to remain in force till Feb. 1, 1934, had been effected with American, British and Swiss bankers' committees.

June 13. Ratifications exchanged with Italy of conventions of Nov. 12, 1932, regarding liquidation of Hungarian property and Mixed Arbitral Tribunal.

*Hungary: cont.*

- Oct. 22. Protocol signed with Turkey prolonging arbitration and neutrality treaty of Jan. 5, 1929, for five years.
- Nov. 2. Agreement reached regarding extension of Central Banks' rediscount credit of 1931 for three years as from Oct. 18.
- See also under *Austria*, Jan. 8; *Czechoslovakia*, April 8, May 9; *Inter-Governmental Debts*, June 15, Dec. 15.

*India*

- 1933, March 17. British Government issued White Paper on constitutional reforms (*Cmd. 4268*). May 16–Nov. 17, Joint Select Committee on Indian Constitutional Reform met in London.
- See also under *Persia*, Feb. 17; *World Economic Conference*, June 12.

*Inter-Governmental Debts*

- 1933, Jan. 20. Conference at the White House between President Hoover and President-Elect Roosevelt. It was decided to invite a British representative to U.S.A. to discuss war debts (*Communiqué, U.S.P.R.*, Jan. 21, 1933).
- Jan. 24. U.S. Government announced that Czechoslovakia, Italy and Lithuania had been invited to take part in discussions. Finland, Latvia and Rumania received invitations a few days later.
- Jan. 24. Speech on war debts by Mr. Chamberlain at Leeds.
- Jan. 25. British Government accepted U.S. invitation to discussions (*U.S.P.R.*, Jan. 28, 1933). Jan. 29, conversation between Mr. Roosevelt and Sir R. Lindsay, British Ambassador in U.S.A.
- Jan. 31, Sir R. Lindsay left for England to discuss war debts.
- Feb. 1. Speech by Mr. Chamberlain to American journalists.
- Feb. 13. Statement by Mr. MacDonald in House of Commons.
- Feb. 20, Sir R. Lindsay returned to New York and had further conversations with Mr. Roosevelt.
- Feb. 21. Conversation in Washington between Mr. Roosevelt and the French Ambassador.
- Feb. 27. Conversations between Mr. Cordell Hull and British and French Ambassadors.
- March 24. Conversations began between British Ambassador and Mr. Hull as Secretary of State.
- April–May. Conversations on economic problems between representatives of U.S.A. and other states taking part in World Economic Conference. April 25, Roosevelt-MacDonald statement issued regarding war debts (*U.S.P.R.*, April 1933). See also under *World Economic Conference*.
- May 10. Greece failed to pay debt instalment to U.S.A.
- May 11. French Government decided to ask Chamber of Deputies to authorize payment of Dec. 15 instalment if U.S.A. would agree to world debt moratorium during World Economic Conference and negotiations for final settlement. May 12, French Ambassador made this proposal to President Roosevelt, who rejected it.
- June 9. U.S. Government notified Great Britain that debt payment



*Inter-Governmental Debts: cont.*

- was due. June 13, British note proposing token payment. June 14, U.S. reply and statement issued in Washington. Mr. Chamberlain made statement in House of Commons regarding token payment of \$10,000,000, in silver (*D.I.A.*, 1933, pp. 120-8).
- June 15. Belgium, Estonia, France, Hungary, Yugoslavia and Poland failed to make debt payments to U.S.A. Czechoslovakia, Great Britain, Italy, Latvia and Rumania made partial or token payments. Finland paid in full (Correspondence, *U.S.P.R.*, June 17 and 24, 1933).
- July 14. Germany notified Belgium that payments could no longer be transferred under agreement of July 13, 1929, regarding German marks in Belgium. Oct. , agreement reached for payment in goods.
- Oct. 5. Preliminary conversations began between British and U.S. representatives. Oct. 10-26, further conversations. President Roosevelt met British representatives on Nov. 1 and 4 without reaching an agreement. Nov. 6, exchange of notes (*D.I.A.*, 1933, pp. 128-30). Nov. 7, U.S. statement issued noting British proposal for token payment in U.S. currency (*D.I.A.*, 1933, pp. 130).
- Dec. 9/12. Exchange of notes between Italy and U.S.A. regarding token payment.
- Dec. 15. Belgium, France, Estonia, Poland and Hungary failed to make debt payments to U.S.A. Czechoslovakia, Great Britain, Italy, Latvia, and Rumania made partial or token payments. Finland paid in full (Correspondence *U.S.P.R.*, Dec. 16, 1933).
- Dec. 17. Yugoslavia issued *communiqué* regarding adherence to British proposal for prolonging Lausanne moratorium of 1932 till June 15, 1934.

*'Irāq*

- 1933, July 3. Frontier delimitation agreement reached with Syria at Geneva.
- July 21. Bands of Assyrians crossed from 'Irāq into Syrian territory. July 31, Assyrian Patriarch appealed to League of Nations. Aug. 4-5, fighting took place between Assyrians and 'Irāqī troops on Syrian frontier. Aug. 6, 'Irāqī Government protested to League regarding action of Assyrians and of French authorities in Syria. Aug. 17, Patriarch appealed to League regarding alleged massacre. Aug. 18, Patriarch deported and deprived of 'Irāqī nationality. Aug. 31, League Committee of Three considered 'Irāqī petition. Sept. 15, French statement made to League regarding 'Irāqī protest. Sept. 22 and Oct. 14, League Council discussed question and set up Committee to arrange for settlement of Assyrians outside 'Irāq.
- Sept. 8. Death of King Faysal, who was succeeded by his son the Amir Ghazi.

*Irish Free State.* See under *League of Nations*, Sept. 25.

*Italy*

- 1933, Jan. 3. Italian and Turkish Governments informed Permanent Court of International Justice that they wished to terminate proceedings taken under the arbitration agreement of May 30, 1929, regarding delimitation of territorial waters between Castellorizo and the Anatolian coast. Jan. 26, Court made order terminating proceedings (*P.C.I.J.*, Series A/B, No. 51).
- Jan. 7. Exchange of notes with Rumania prolonging friendship treaty of Sept. 9, 1926, till July 18. July 17, exchange of notes prolonging treaty till Jan. 18, 1934.
- April 29. Exchange of notes with Salvador extending friendship treaty of Oct. 27, 1860, till Dec. 31. Dec. 23, exchange of notes regarding further prolongation.
- Sept. 2. Pact of friendship, non-aggression and neutrality signed with U.S.S.R. Ratifications exchanged Dec. 15 (*D.I.A.*, 1933, pp. 233-6).
- Oct. 20. Ratifications exchanged with Luxembourg of conciliation and judicial settlement treaty of April 15, 1932.
- Nov. 8-14. Assembly of National Council of Corporations. Nov. 14, speech by Signor Mussolini on foreign policy, the League of Nations, the development of the Corporate State and the abolition of the Chamber of Deputies.
- See also under *Austria*, Jan. 8, Jan. 12, April 11, June 2, Aug. 5, Aug. 19; *Costa Rica*; *Disarmament*; *Europe*, Sept. 29; *France*, Jan. 3; *Germany* (b), April 9, May 19, May 29, June 28, Nov. 6, Dec. 12; *Hungary*, June 13; *Inter-Governmental Debts*, Jan. 24, June 12, June 15, Dec. 9/12; *Security*, March 18, Oct. 12; *World Economic Conference*.

*Japan*

- 1933, April 8. 'Manchukuo' authorities broke off goods traffic from Chinese Eastern Railway to Trans-Baikal Line at Manchuli because of withdrawal of rolling stock to Soviet lines. April 16, Soviet Government made protest to Japanese Government regarding interference with the C.E.R. May 2, M. Litvinov offered to sell C.E.R. to Japanese Government. May 8, it was made known that French Ambassadors in Moscow and Tokyo had made representations regarding French financial interests in C.E.R. May 11, Soviet statement issued about proposed sale. May 15, Chinese note of protest to Soviet Government. May 23, Japanese Government decided to advise 'Manchukuo' to negotiate for purchase of C.E.R. May 26, Japanese reply to Soviet protest of April 16. May 31, Soviet counter-reply followed by other protests. June 1, goods traffic over Manchurian frontier broken off at Pogranichnaya. June 26, negotiations for sale of C.E.R. opened at Tokyo but were discontinued in October. Sept. 22, Soviet protest to Japanese Government regarding alleged plot for seizure of C.E.R. Sept. 24, Soviet officials of C.E.R. arrested. Oct. 8, Soviet Government published alleged Japanese official documents regarding plot. Oct. 9, Japanese Government denied allegations. Nov. 6, conversation on outstanding questions between Japanese Foreign

*Japan: cont.*

Minister, Mr. Hirota and Soviet Ambassador in Tokyo. Nov. 10, Mr. Hirota proposed demilitarization of Manchurian-Siberian frontier.

April 19. Arbitration, conciliation and judicial settlement treaty signed with the Netherlands (*S.*, No. 610, 1933).

Sept. 14. Mr. Hirota, formerly Ambassador in Moscow, succeeded Count Uchida as Foreign Minister.

See also under *China*, Jan. 3, Jan. 16, Feb. 22, Feb. 27, March 30, Nov. 3; *World Economic Conference*.

*Jugoslavia*

1933, March 9. French bondholders and Yugoslav Government signed agreement for three years' moratorium. Oct. 24, it was stated that the (British) Council of Foreign Bondholders had approved a similar agreement.

Nov. 27. Treaty signed with Turkey regarding friendship, non-aggression, arbitration, conciliation, and judicial settlement (*E.N.* Jan. 13, 1934).

See also under *Austria*, Jan. 8; *Bulgaria*, Oct. 3; *Inter-Governmental Debts*, June 15, Dec. 17; *Little Entente*; *Security*, March 18, July 3.

*Latvia*. See under *Czechoslovakia*, Oct. 11; *Inter-Governmental Debts*, Jan. 24, June 15, Dec. 15.

*League of Nations*

1933, Jan. 10-25. International Labour Organization held Preparatory Conference on Reduction of Hours of Work.

Jan. 24-Feb. 3. Seventieth session of Council.

Jan. 30. Meeting of Committee on system of elections to Council.

May 16-19, Committee met again and drew up report.

Feb. 21-24. Special session of Assembly met to consider Sino-Japanese dispute.

Feb. 21-March 18. Seventy-first session of Council.

March 27. Japan gave preliminary notice of withdrawal (*D.I.A.*, 1932, pp. 396-8).

May 15 and 20. Seventy-second (extraordinary) session of Council on Bolivian-Paraguayan dispute.

May 22-June 6. Seventy-third session of Council.

June 8-30. Seventeenth session of International Labour Conference.

Draft conventions were adopted regarding insurance and the abolition of fee-charging employment agencies.

June 19-July 1. Twenty-third session of Permanent Mandates Commission.

July 1. M. Joseph Avenol succeeded Sir Eric Drummond as Secretary-General.

July 3. Seventy-fourth (extraordinary) session of Council on Bolivian-Paraguayan dispute.

July 10-11. First meeting of International Relief Union at Geneva.

Aug. 3. Seventy-fifth (extraordinary) session of Council on Bolivian-Paraguayan dispute.

*League of Nations: cont.*

Sept. 22-9. Seventy-sixth session of Council.

Sept. 25-Oct. 9. Fourteenth ordinary session of Assembly. Argentina returned to membership. Assembly approved creation of non-permanent Council seat for 1933-6. Argentina, Australia, and Denmark elected to succeed Guatemala, Irish Free State and Norway on Council, and Portugal elected to new seat. Oct. 11, Convention opened for signature regarding suppression of traffic in women of full age.

Oct. 4-12. Seventy-seventh session of Council.

Oct. 21. Germany's preliminary notice of withdrawal from the League received.

Oct. 23-Nov. 4. Twenty-fourth session of Permanent Mandates Commission.

Oct. 26-8. Inter-Governmental Conference for Refugees. Oct. 31, convention on Russian, Armenian, Syrian, Assyro-Chaldean and Turkish refugees signed by France and Belgium.

See also under *Austria*, Jan. 8, Jan. 12; *Bolivia*; *Bulgaria*, April 6; *China*, Jan. 16, June 28; *Colombia*; *Danzig*, March 13, Nov. 2; *Disarmament*; *Germany* (b), May 26, Oct. 11, Nov. 12; *Greece*, Nov. 16; *Guatemala*, Oct. 12; *Irāq*, July 3, July 31; *Italy*, Nov. 8; *Persia*, Jan. 24; *Poland*, Feb. 1; *Rumania*, Jan. 28; *Saar*; *World Economic Conference*.

*Liechtenstein*. See under *Abyssinia*.

*Lithuania*

1933, July 5. Non-aggression pact signed with U.S.S.R. Ratifications exchanged Dec. 14.

See also under *Inter-Governmental Debts*, Jan. 24.

*Little Entente*

1933, Feb. 14-15. Conference of Little Entente Foreign Ministers at Geneva. Feb. 16, statute signed providing for common foreign policy and permanent council and secretariat. March 1, statement by Dr. Beneš to Foreign Affairs Committees of Czechoslovak parliament (*D.I.A.*, 1933, pp. 415-23). May 30-June 1, Council met in Prague and decided to set up Permanent Economic Council. Sept. 24-7, Council met at Sinaia.

See also under *Austria*, Jan. 8; *Security*, March 18, July 3.

*Luxembourg*

1933, June 23/27. Exchange of notes with Portugal setting up conciliation commission.

Oct. 2. Ratifications exchanged with Norway of arbitration treaty of Feb. 12, 1932. Came into force same day (*Ov.F.S.*, No. 8, 1933).

See also under *Italy*, Oct. 20.

*Manchukuo*. See under *China*; *Japan*.

*Mascot*

1932, Oct. 27. South Africa (Natal, Orange Free State and Transvaal) withdrew from friendship treaty of March 19, 1891, between Great Britain and Mascot. 1933, Feb. 11, exchange of notes with Great Britain prolonging treaty for a year (*L.N.T.S.* 138).

*Mexico*

1933, Feb. 4. Mexico recognized Nicaraguan Government.

May 22, Agreement signed renewing diplomatic relations with Peru (*Temps*, May 28, 1933).

See also under *Cuba*, Sept. 8; *Security*, Oct. 10; *World Economic Conference*.

*Monetary and Economic Conference* see *World Economic Conference*.

*Netherlands*

1933, Jan. 27. Ratifications exchanged with Spain of arbitration, conciliation and judicial settlement treaty of March 30, 1931 (*S.*, No. 42, 1933).

March 12. Friendship and commerce treaty signed with Yaman (*S.*, No. 643, 1933).

March 23. Arbitration, conciliation and judicial settlement treaty signed with Norway (*S.*, No. 23, 1934).

April 5. Arbitration, conciliation and judicial settlement treaty signed with Venezuela. Ratifications exchanged and came into force Dec. 19 (*S.*, No. 819, 1933).

Nov. 4. Ratifications exchanged with Turkey of arbitration and conciliation treaty of April 16, 1932 (*S.*, No. 631, 1933).

See also under *China*, Feb. 8, April 17; *Germany (a)*, Nov. 7; *Japan*, April 19.

*New Zealand*. See under *World Economic Conference*, June 12.

*Nicaragua*

1933, Jan. 1. Dr. Juan Sacasa and Dr. Rodolfo Espinoza inaugurated as President and Vice-President. Jan. 2, withdrawal of United States marines completed (*Text of U.S. Communiqué, U.S.P.R.* Jan. 7, 1933).

See also under *Mexico*, Feb. 4.

*Norway*

1933, July 4/8. Exchange of notes with Portugal setting up conciliation commission.

See also under *China*, Feb. 8; *Denmark*, April 5; *League of Nations*, Sept. 25; *Luxembourg*, Oct. 2; *Netherlands*, March 23; *World Economic Conference*, April 29.

*Palestine*

1933, Oct. 27. Disturbances caused by Arabs in Jaffa, Jerusalem and Nablus. Rioting at Haifa on Oct. 28 and at Jerusalem on Oct. 29.

*Paraguay*. See under *Bolivia*; *Permanent Court of International Justice*, Feb. 4; *Security*, Oct. 10.

## *Permanent Court of International Justice*

1932, Oct. 14–1933, April 5. Twenty-sixth (extraordinary) session held.  
 1933, Feb. 1–April 19. Twenty-seventh (ordinary) session held.

Feb. 4. Ratification of the protocol of signature of the Statute of the Court was deposited by Dominican Republic on Feb. 4 and by Paraguay on May 11. Germany renewed previous signature of optional clause of Statute on Feb. 9. Ratifications of this clause were deposited by Dominican Republic on Feb. 4, by Germany on July 5, and by Paraguay on May 11.

May 10–16. Twenty-eighth (extraordinary) session held.

July 10–29. Twenty-ninth (extraordinary) session held.

Oct. 20. Thirtieth (extraordinary) session opened.

See also under *Czechoslovakia*, April 8, May 9; *Denmark*, April 5; *France*, May 23; *Italy*, Jan. 3; *Poland*, Feb. 1, Feb. 4, Oct. 27.

## *Persia*

1933, Jan. 24 and 26. League Council considered Anglo-Persian Oil Company dispute. Feb. 2, provisional agreement reached between Great Britain and Persia after mediation by Dr. Beneš. Feb. 3, League Council approved report of settlement. April 30, agreement signed between Persian Government and Anglo-Persian Oil Company regarding new concession (*The Times*, June 1, 1933). May 26, League Council took note of settlement.

Feb. 17. Agreement signed with Great Britain and India on withdrawal of Indo-European Telegraph Department from Persia (*Cmd.* 4275).

See also under *Finland*, Feb. 21; *Security*, July 3.

## *Peru*

1933, April 30. President Sanchez Cerro assassinated. General Don Oscar Benavides succeeded him.

See also under *Bolivia*, May 13, July 26; *Colombia*; *Cuba*, Oct. 11; *Mexico*; *World Economic Conference*, June 12.

## *Poland*

1933, Feb. 1. League Council considered question of application of agrarian reform to German minority in Poznań and Pomorze. July 3, German Government filed application with Permanent Court and requested interim measures of protection. July 29, Court made order dismissing request (*P.C.I.J.*, Series A/B, No. 58).

Feb. 4. Permanent Court made orders on Feb. 4, May 11 and July 4 in the case of the Prince of Pless (*P.C.I.J.*, Series A/B, Nos. 52, 54 and 57).

May 8. Professor Moszicki re-elected President.

June 9. Ratifications exchanged with U.S.A. of friendship, commerce and consular rights treaty of June 15, 1931 (*L.N.T.S.* 139).

Oct. 27. German Government informed Permanent Court that they wished to withdraw proceedings in the cases regarding agrarian reform and the Prince of Pless. Dec. 2, Court made order terminating case (*P.C.I.J.*, Series A/B, Nos. 59, 60).

*Poland: cont.*

See also under *Brazil*, Jan. 27; *Danzig*; *Germany* (b), May 3, Nov. 15; *Inter-Governmental Debts*, June 15, Dec. 15; *Security*, March 18, July 3.

*Portugal*

1933, April 12. New constitution came into force, establishing corporate State.

Dec. 18. Ratifications exchanged with Sweden of arbitration, conciliation and judicial settlement convention of Dec. 6, 1932 (*S.Ö.F.M.*, No. 34, 1933).

See also under *League of Nations*, Sept. 25; *Luxembourg*, June 23/27; *Norway*.

*Reparations.* See under *Germany* (b); *Inter-Governmental Debts*.

*Rumania*

1933, Jan. 12. Dr. Maniu's Government resigned. Jan. 14, Dr. Vaida-Voevod formed a Government.

Jan. 28. Agreement concluded regarding technical advisory co-operation of League of Nations in financial matters. May 18, Rumania deposited ratification (*L.N.T.S.* 138).

March 24. Arrest of M. Seletzski, representative in Rumania of Skoda works of Czechoslovakia, on charges of espionage. Aug. 16, M. Seletzski sentenced to five years' imprisonment.

June 23. Conversation between MM. Litvinov and Titulescu. They were reported to have discussed the Bessarabian question.

Aug. 15. Transfer suspended of all Government debt, autonomous funds and public commercial monopolies. Protests were made on Aug. 18 by Great Britain and on Aug. 19 by France. Oct. 1, Rumanian Financial Minister issued statement (*F.N.* Oct. 3, 1933). Oct. 26, agreement reached with bondholders, associations.

Oct. 17. Treaty of friendship, non-aggression, arbitration and conciliation signed with Turkey (*T.I.* Nov. 1933).

Nov. 12. Dr. Vaida-Voevod's Government resigned. Nov. 14, M. Duca formed a Liberal Government. Dec. 9, 'Iron Guard' (Fascists) dissolved. Dec. 20, Liberal Party successful in General Election. Dec. 29, M. Duca assassinated by a member of the Iron Guard.

See also under *Austria*, Jan. 8; *Inter-Governmental Debts*, June 15, Dec. 15; *Italy*, Jan. 7; *Little Entente*; *Security*, March 18, July 3.

*Saar*

1933, May 20. Governing Commission issued decree prohibiting political meetings and demonstrations. May 27, League Council adopted resolution regarding position of officials after plebiscite under German civil service law of April 7, 1933. July 20, proclamation issued regarding holding of plebiscite in 1935 (*Temps*, July 22, 1933). July 22, three inhabitants of Saar kidnapped by German Nazis and imprisoned. Representations were made to German Government by the Governing Commission on July 25 and by the

*Saar*: cont.

French Ambassador on Aug. 2. Aug. 7, release of kidnapped persons. Oct. 17, decree issued prohibiting wearing of political uniforms and badges. Nov. 2, decree issued to prevent Nazis from influencing officials and intimidating the population. Nov. 13, decree issued restricting entry of Germans from Reich.

*Salvador*. See under *Italy*, April 29.

*Sa'ūdī Arabia*

1933, April 3. Messages of recognition exchanged with Transjordan. July 27, friendship and *bon voisinage* treaty and arbitration protocol with exchange of notes concluded at Amman. Ratifications exchanged of treaty in December.

Nov. 7. Provisional agreement signed with U.S.A. regarding diplomatic and consular representation, juridical protection, commerce and navigation (*U.S.E.A.* No. 53).

*Security*

1933, March 18–20.<sup>1</sup> Conversations in Rome between Mr. MacDonald, Sir J. Simon and Signor Mussolini regarding Italian proposal for Four-Power Pact. March 19, statement issued (*The Times*, March 20, 1933). March 21, Franco-British conversations in Paris (Text of statement, *The Times*, March 22, 1933). March 23, statement by Mr. MacDonald in House of Commons (*D.I.A.*, 1933, pp. 250–1). March 25, Little Entente Council issued statement. March 26, revised Italian draft put forward. March 30, Belgian memorandum to French Government. April 14, French reply (*D.I.A.*, 1933, pp. 257–60). April 1, British draft of pact drawn up. April 6, statement by M. Daladier in Chamber of Deputies (*D.I.A.*, 1933, pp. 252–5). April 12, French draft and memorandum presented to British and Italian Governments (*D.I.A.*, 1933, pp. 255–7). April 13, statement by Sir J. Simon in House of Commons. April 24, amendments proposed by Germany. April 25, statement by Dr. Beneš in Czechoslovak Parliament. May 21, provisional agreement reached between all four Powers on new draft of pact. May 24–6, Debate on pact in French Chamber and Senate Foreign Affairs Committee. French counter proposals published unofficially (*The Times*, May 27, 1933). May 26, statement in House of Commons by Sir J. Simon. May 27, British proposals presented to France. May 30, Little Entente Council accepted revised pact (*D.I.A.*, 1933, pp. 261–3). June 7, final draft of pact initialled. M. Paul-Boncour gave Little Entente Governments assurances as to treaty revision (*D.I.A.*, 1933, pp. 263–5). June 9, French declaration to Poland and Polish statement made (*Temps*, June 11, 1933 and *D.I.A.*, 1933, pp. 265–7). July 15, pact signed (*Cmd.* 4342).

July 3. Eight-power convention on definition of aggression signed in London by Afghanistan, Estonia, Latvia, Persia, Poland, Rumania,

<sup>1</sup> For synoptic table of British, French and Italian drafts, German amendments and final text, see *D.I.A.*, 1933, pp. 240–9.



*Security: cont.*

Turkey and U.S.S.R. Finland adhered on July 22 and ratifications were deposited by Poland, Rumania and U.S.S.R. on Oct. 16, by Persia on Nov. 16 and also by Afghanistan. July 4, a similar convention was signed by Czechoslovakia, Yugoslavia, Rumania, Turkey and U.S.S.R. (*D.I.A.*, 1933, pp. 230-3).

Oct. 10. Anti-war pact signed at Rio de Janeiro by Argentina, Brazil, Chile, Mexico, Paraguay and Uruguay. Dec. 11, it was announced that Italy would adhere to the pact (*D.I.A.*, 1933, pp. 475-80).

See also under *Disarmament*.

*Siam*. See under *China*, Jan. 16.

*South Africa*

1933, March 20. General Hertzog's Government resigned and a Hertzog-Smuts coalition (Nationalist-South African Party) took office. May 17, coalition successful in general election.

See also under *Mascot*; *World Economic Conference*, June 12.

*Spain*

1933, June 2. President signed Bill regarding religious orders.

July 28. Diplomatic relations established with U.S.S.R.

Sept. 8. Señor Azafía's Government resigned. Sept. 12, Señor Lerroux formed a republican coalition Government excluding the Socialists. Oct. 3, Lerroux Government resigned. Oct. 8, Señor Martinez Barrios formed a Government. Oct. 9, Cortes Constituyentes dissolved.

Nov. 5. Basque statute approved by referendum.

Nov. 19. General election resulting in gains for parties of the Right.

Dec. 16, Señor Martinez Barrios resigned. Dec. 17, Señor Lerroux formed a Government.

See also under *Cuba*, Oct. 11; *Greece*, May 12; *Netherlands*, Jan. 27; *World Economic Conference*.

*Stresa Conference*. See under *Europe*, Sept. 29.

*Sweden*

1933, April 18. Ratifications exchanged with Turkey of arbitration, conciliation and judicial settlement treaty of Feb. 19, 1932 (*S.O.F.M.*, No. 11, 1933).

See also under *Portugal*, Dec. 18.

*Switzerland*

1933, June 1. Protocol signed with Turkey modifying conciliation treaty of Dec. 9, 1928 (*F.F.* July 19, 1933).

See also under *Abyssinia*; *France*, Dec. 15; *Germany* (a), Nov. 7; *Hungary*, March 13.

*Syria*. See under *France*, Nov. 16; *Irāq*, July 3, July 21.

*Transjordan*. See under *Sa'ūdī Arabia*, April 3.

## *Turkey*

1933, March 28. Protocol signed with U.S.S.R. prolonging frontier disputes convention of Aug. 6, 1928, for six months from its time of expiry.

See also under *Bulgaria*, Sept. 20; *Denmark*, Dec. 18; *France*, May 13; *Greece*, Sept. 11, Dec. 9; *Hungary*, Oct. 22; *Italy*, Jan. 3; *Jugoslavia*, Nov. 27; *Netherlands*, Nov. 4; *Rumania*, Oct. 17; *Security*, July 3; *Sweden*; *Switzerland*.

## *Union of Soviet Socialist Republics*

1933, Jan. 1. Beginning of second five-year plan.

March 11. Employees of Metropolitan-Vickers Ltd., including four British subjects, arrested on charges of sabotage. March 14, more arrests, including two British subjects. March 15, statement by Mr. Baldwin in House of Commons. March 17, M. Litvinov told British Ambassador in Moscow that British subjects would be sent for trial. March 20, British Government announced suspension of commercial negotiations. March 31, British Ambassador left Moscow for consultation in London. April 4, British White Paper issued regarding case (*Cmd.* 4286). April 5-6, Russian Goods (Import Prohibitions) Bill passed (*The Times*, April 5, 1933). April 12-18, Trial of Metropolitan-Vickers employees, Mr. Macdonald and Mr. Thornton sentenced to imprisonment. April 17, trade agreement expired. April 19, British Government proclaimed embargo against Soviet goods as from April 26. April 21, Soviet Government announced recall of chiefs of trade delegation in London, and on April 22 declared embargo against British trade. June 26, conversations began between Sir J. Simon and M. Litvinov. July 1, Mr. Thornton and Mr. Macdonald were released and both Governments withdrew embargoes.

Oct. 10. President Roosevelt asked M. Kalinin to send representative to U.S.A. for negotiations with a view to recognition. Oct. 17, Soviet Government accepted invitation. Nov. 7, M. Litvinov arrived in U.S.A. Nov. 16, exchange of notes effecting recognition (*D.I.A.*, 1933, pp. 460-72). Nov. 17, Mr. W. C. Bullitt appointed U.S. Ambassador in Moscow. Nov. 19, Mr. Troyanovsky appointed Soviet Ambassador in Washington.

Dec. 28. Speech on foreign affairs by M. Molotov to Central Executive Committee. Dec. 29, speech on foreign affairs by M. Litvinov (*D.I.A.*, 1933, pp. 425-42).

See also under *China*, Jan. 16, May 2; *Disarmament*; *France*, Feb. 15, Sept. 15; *Germany* (b), April 1, May 5; *Italy*, Sept. 2; *Japan*, April 8; *Lithuania*; *Rumania*, June 23; *Security*, July 3; *Spain*, July 28; *Turkey*; *Wheat*.

## *United States of America*

1933, Jan. 13. President Hoover vetoed Philippine Independence Bill (Text of message to Congress, *New York Times*, Jan. 14, 1933).

Jan. 13 and 17, House of Representatives and Senate voted to override veto of Bill which became law.

*United States of America: cont.*

Feb. 6. Twentieth amendment to constitution prohibiting 'Lame Duck' sessions of Congress became law.

Feb. 14. Bank holiday declared in Michigan; by March 3 all banks in the country were closed or under restrictions.

March 4. Mr. Franklin D. Roosevelt took office as President (Text of inaugural address, *The Times*, March 6, 1933).

March 5. National bank holiday declared; President Roosevelt broadcast speech. March 6, Meeting of State Governors at White House to discuss relief and banking situation.

March 9. Extraordinary session of 73rd Congress opened, emergency banking legislation was passed and President empowered to suspend free export of gold.

April 5. President Roosevelt issued executive order to restrict hoarding and export of gold (*N.Y.T.* April 6, 1933.)

April 12. President made speech on Pan-America Day regarding 'good neighbour' policy of the U.S.A. (*U.S.P.R.* April 15, 1933).

April 20. Executive order issued forbidding export of gold not already earmarked.

May 12. Farm Relief Bill including 'Thomas' Bill for controlled inflation became law (Text of 'Thomas' Bill, *F.N.* May 29, 1933).

June 5. Resolution of Congress became law repealing gold clause in public and private obligations (*D.I.A.*, 1933, pp. 134-5).

June 16. Session of Congress ended. 'Glass-Steagall' Banking Bill and National Industrial Recovery Bill became law.

Aug. 29. Executive orders issued regarding sale, export and hoarding of gold (*N.Y.T.* Aug. 30, 1933).

Dec. 5. Twenty-first amendment to constitution became law repealing Eighteenth Amendment (Prohibition).

Dec. 21. Proclamation issued regarding purchase of silver (*N.Y.T.* Dec. 22, 1933).

Dec. 28. Speech by President Roosevelt on foreign policy.

See also under *China*, Jan. 16, Feb. 8, June 4; *Colombia*, Jan. 23, Feb. 27; *Conferences, International*, Nov. 9; *Cuba*; *Disarmament*; *Haiti*; *Hungary*, March 13; *Inter-Governmental Debts*; *Nicaragua*; *Poland*, June 9; *Sa'ūdī Arabia*, Nov. 7; *U.S.S.R.*, Oct. 10; *Wheat*; *World Economic Conference*.

*Uruguay*. See under *Bolivia*, May 13, Dec. 8; *Egypt*; *Security*, Oct. 10.

*Vatican*. See under *Austria*, June 2; *Germany* (b), March 11, June 28.

*Venezuela*. See under *Brazil*, March 21/23; *Denmark*, Dec. 19; *Netherlands*, April 5.

*Wheat*

1933, May 10-17. Conversations between representatives of Argentina, Australia, Canada and U.S.A. May 31, further meetings began. July 5, agreement reached on principle of restricting production. July 7, conversations began with European wheat-exporting countries. U.S.S.R. joined conference on July 14 and European

*Wheat*: cont.

importing countries did so on July 18. July 27, conference adjourned till Aug. 21. Aug. 25, agreement signed (*D.I.A.* pp. 111-15).  
See also under *Europe*.

*World Economic Conference*

1933, Jan. 9-19. Preparatory Commission of Experts drew up draft annotated agenda for Conference (*D.I.A.*, 1933, pp. 4-43). Jan. 25, meeting of Organizing Committee appointed by League Council.

April 6. President Roosevelt invited Mr. MacDonald to Washington to discuss preparations for Conference. April 8, U.S. State Department announced that invitations had also been sent to Argentina, Brazil, Canada, Chile, China, France, Germany, Italy, Japan and Mexico. April 11, invitations sent to diplomatic representatives in Washington of other States taking part in Conference (*U.S.P.R.* April 8 and 15, 1933).

April 21-6. Mr. MacDonald visited Washington for conversations with President Roosevelt (statements *U.S.P.R.* April 29, 1933). April 23-8, M. Herriot visited Washington (statement *U.S.P.R.* April 29, 1933). April 24-8, Canadian representatives visited Washington (statement *U.S.P.R.* May 6, 1933). May 2-6, Argentinian and Italian representatives visited Washington (statements *U.S.P.R.* May 13, 1933). May 5-12, Dr. Schacht and other German representatives visited Washington (statement *F.N.* May 13, 1933). May 6-19, Chinese representatives visited Washington (statement *U.S.P.R.* May 20, 1933). May 11-18, Mexican representatives visited Washington (statement *U.S.P.R.* May 20, 1933). May 18-25, Brazilian representatives visited Washington (statement *U.S.P.R.* May 27, 1933). May 23-7, Japanese representatives visited Washington (statement *U.S.P.R.* June 3, 1933). June 3, statement issued regarding conversations with Chilean representatives (*U.S.P.R.* June 3, 1933).

April 29. League Council Organizing Committee decided to convene Conference in London on June 12th. May 12, Tariff Truce proposal adopted by Organizing Committee representing Governments of Belgium, France, Germany, Great Britain, Italy, Japan, Norway and U.S.A. May 24, League Council invited other States to join truce. Forty-six had done so up to July 1.

June 12. World Economic Conference opened. June 15, Economic Commission and Monetary and Financial Commission set up. It was reported that British, French and American Central Banks had reached agreement on currency stabilization. June 17, President Roosevelt rejected banks' currency proposal. Mr. Hull made proposal regarding 10 per cent. horizontal cut in tariffs. June 19, Senator Pittman introduced currency stabilization resolution. June 22, American statement issued rejecting temporary stabilization (*U.S.P.R.* June 24, 1933). June 30, draft joint declaration by countries on the gold standard and off the gold standard presented to President Roosevelt and rejected by him in statement of July 1 (*D.I.A.*, 1933, p. 43.). July 3, further statement by President

*World Economic Conference: cont.*

Roosevelt (*D.I.A.*, pp. 43-5). July 5, U.S. delegation issued new statement. July 6, Bureau adopted resolution on work of sub-committees. July 26, agreement regarding silver signed by Australia, Canada, China, India, Mexico, Peru, Spain and U.S.A. (*D.I.A.*, 1933, pp. 108-11). July 27, declaration of Empire monetary and economic policy signed by Australia, Canada, Great Britain, India, New Zealand and South Africa (*D.I.A.*, 1933, pp. 115-18). July 27, plenary session and adjournment of Conference (Reports and resolution *D.I.A.* pp. 45-108).

See also under *Wheat*.

*Yaman*. See under *Netherlands*, March 12.

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